Public Sector - Transport General

1991

January - June.
El Al to maintain SA-Israel link

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

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

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

About 85% of El Al's passengers were South Africans, although the airline also carried many emigrants to Israel, he said.

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

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

A notable exception to the growing trend was the announcement by Interflug — formerly East Germany's national airline — that it would forge a new route to Tel Aviv from Berlin's Schoenefeld airport.

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

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

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

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

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

He could not say whether Interflug's prices would increase to cover higher insurance premiums.
El Al to continue SA-Israel flights

By John Miller

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

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

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

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

Boarded

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

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

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

By CHRIS BATEMAN

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

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

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

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

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

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

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

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

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

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

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

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

There were 80 criminal incidents on Peninsula trains in the above categories in December 1989, compared with 71 this past December, he revealed.

Last month's figure rose from 45 in November.
Trains:

189 held in crackdown

Staff Reporter

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

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

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

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

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

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

Meanwhile, the Peninsula Mobile Unit yesterday arrested 188 people and confiscated knives, a bayonet, ammunition and dagga in a 12-hour operation executed by plainclothes policemen.

Trains

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

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

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

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

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

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

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

Recent statistics released by police showed that the Simon’s Town line had the second-highest crime rate in the Peninsula in December. The Khayelitsha line had the highest rate.
SAA set to get US landing rights back?

Own Correspondent

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

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

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

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

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

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

The report also said that with the “less agonising” exception of South Africa, the continent still commanded less attention from Americans than any other part of the world.
Cape port authorities prepare for extra traffic in event of squalls

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

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

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

"In the event of a war, the number of cargo vessels servicing and refuelling at Cape Town is expected to increase sharply. "Excess demand for shipping services will be referred to Durban and Richards Bay, while limited facilities will be available in Port Elizabeth and East London," said Portnet spokesman Barend de Klerk.

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

"But it is likely there would be many smaller cargo vessels needing to refuel and restock along the Cape coast, if a detour becomes necessary," he said.

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

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

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

De Klerk said cargo and the number of ships entering Cape Town's port had already increased by an average 12.5% this year as a result of political changes in SA and an economic upturn in the international shipping industry. The increased activity had launched the local ship repair industry into a major boom period, he said.

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

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

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

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Port traffic

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

ROBERT LAING reports that ocean freight rates out of SA surged last month.

Vessels avoided taking cargo as ballast from the Gulf, resulting in fewer ships being available in the western Indian Ocean, said the International Coal Report.

Fear of a Gulf war pushed Thornton's Atlantic Cape Index up 487 points to 4,617 on December 10, with SA coal exporters seeing the biggest increase.

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

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

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

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From Page 1

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SAA not hedging its fuel costs on forward markets

ROBERT GENTLE (269)

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

SAA finance senior GM John Hare said SAA traditionally hedged a portion of its fuel acquisition bill, which accounted for about 18% of operating costs.

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

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

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

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

Eliminated

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

Jet fuel was trading at about $550 a ton Monday, he expected, a figure he expected to be about 16% lower in the next six months if the short-war analysis expect materialisation.

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

According to a recent report in the international publication 'Intermarket', a sample of six of the world's largest carriers suggest that fuel costs run between 24% to 35% of operating costs, and that, many of them, had developed sophisticated hedging techniques.

Hare disclosed that a number of local futures brokers or banks had approached SAA to get advice on its hedging business, but with the success of the London market, we would consider using them. We generally use the London market."
Ships head for SA as Suez risks rise

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

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

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

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

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

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

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

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

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

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

Portnet spokesman Barend de Klerk said that while the Cape coast was the most obvious diversions route, cargo ships could choose the longer Panama Canal route if they were able to trade at US ports.

"South African ports will be used largely for bunkering (refuelling) and servicing purposes — for those vessels that require these services en route. Larger vessels may be served off-shore," he said.

SA bunkering services were internationally competitive, said an industry spokesman.

Cape Town and Durban harbour authorities said this week they were prepared...
REUNION . . . President F W de Klerk welcomes his wife Marike back with a kiss yesterday after she arrived on SAA's latest airliner, the ultra-modern Boeing 747-400 at Durban.

SAA's latest airliner arrives at Jan Smuts

JOHANNESBURG — SAA's brand-new pride and joy, Boeing 747-400 ZS-SAV, took off from Durban yesterday afternoon, arriving at Jan Smuts Airport yesterday afternoon. The plane was manufactured in Seattle, Washington.

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

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

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

It is considered the world's most modern and fuel-efficient commercial airliner. Its extended range (13,500km) over previous Boeing 747s will enable it to fly non-stop from Johannesburg to London. — Sapa
More security planned for Soweto trains

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

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

The corporation was established last April to assume responsibility for rail commuter services throughout the country. This followed the Government's objective and policy to deregulate and commercialise Transnet.

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

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

"The stations have been made 'more safe through the installation of fences, better gate control and 24-hour police presence," he said.

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

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

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

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

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

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

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

Improved technology on the Boeing 747-400 — SAA took delivery of its first one on Sunday — has reduced the pilots' workload, enabling them to take on the flight engineer's role of monitoring the aircraft's performance in flight. SAA will buy three more 747-400s.

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

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

Sources close to both parties say the agreement was signed by SAA CE Gert van der Veer yesterday and will be discussed at the airline's board meeting tomorrow.
COMMUTERS in Port Elizabeth are angry about a 16 percent bus fare increase introduced this week.

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

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

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

He said pamphlets informing the public about the changes had been circulated some time ago.

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

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

Ms Phumla Zishushu, a worker at a brokerage firm, called the increases "unfair".
Mugger shot on city train

By DANIEL SIMON

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

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

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

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

He said he was sitting in the back of a third-class carriage when he noticed some men "looking" at him.

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

"While slipping my wristwatch off, they asked me if I had any money. One of them then found my R69 cheque and asked if I had more. I said yes and at that moment threw my carry bag down the aisle. During the short disturbance I grabbed my 7.65mm pistol, and told them to stand still or I would shoot."

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

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

The victim said that at that stage, the train pulled into Lakeside station.

"All five muggers, including the man I shot in the chest, jumped through a window to escape. One of them broke an arm and a leg in the process," he said.

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

Police confirmed the three arrests, saying the men would appear in court soon.
Air links with Italy boosted

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

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

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

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

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

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

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

DCA director-general Jappe Smit said in a statement yesterday he believed the amendment showed the Italian government’s recognition of SA’s tourist and business potential.
A R$600m offer by the private sector to take over and run the public buildings at Jan Smuts Airport seems to have died in Ministry of Transport, Public Works & Land Affairs George Bartlett’s office.

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

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

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

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

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

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

He explains Meridian has no intention of getting involved in the operation of the airfield, the control of aircraft, or sale of fuel — which will all remain in the hands of Transport and Civil Aviation.

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

Says Friedmann, “We are following in the tracks of those who took existing US and British airports out of the red and heavily into the black. All our charges for parking, hotels, shops and any other service we let will be market-related. If we are given the go-ahead, we estimate that by 1994 our net pre-tax income will not be less than 12.5% of the R600m we plan to invest. If needs be, we’ll invest R800m.”

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

Friedmann recently put up a similar development proposal for Cape Town’s Victoria and Alfred docks that was turned down by the co-owners — the Cape Town City Council and Transnet — in favour of their own joint development company.

Leon Els, an SA Airways spokesman, says it’s no secret that SAA CE Bert van der Veer favours the commercialisation of Jan Smuts, and is most unhappy with the way it is run.

“He wouldn’t agree to imposing the (R10 and R3) departure levies if he wasn’t given the assurance that the money would go into a fund dedicated to improving Jan Smuts.”

But fears that the money will be swallowed up by the Treasury are well-founded. The Department of Transport, in a statement that doesn’t please Els, says “The collected tax will be accrued to the Consolidated Revenue Fund until the Department of Finance has created a trading fund.”

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

David Fick

OIL PRICES

WAITING FOR RELIEF

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

The current Petroc price of R1.35/l for 93 octane is based on a landed cost of oil of US $25 a barrel. But the price of benchmark Brent oil has fallen to below $20 a barrel.

Jakkie Oliver of the National Energy Council, which monitors oil prices and compiles monthly averages, says “by March, we may be looking again at local pump prices.” The price was last changed on December 21, when it dropped by 10c/l.

Of course, oil prices could shoot up again if the war takes an unexpected turn. But there seems to be no real threat to Saudi Arabia’s refining capacity and supply lines.

And with the rest of Opec now pumping more oil than before the war, global crude oil reserves have been topped up.

Former South African minister Shaok Yamany speculates that prices could drop to as low as $12 a barrel when the world premium vanishes.

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

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

Meanwhile, lower oil prices are not good news for the R9bn Mosgas synthetic fuel scheme. The sagging oil price confronts Engen, the project manager for Mosgas, with a
SA has air links with 17 African countries

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

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

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

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

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

The addition of the new African routes saw SAA increase the number of regional destinations served by scheduled flights by 50%.

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

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

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

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

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

With major aircraft manufacturers recording production backlogs as high as $30bn, insiders say orders placed now will be delivered towards the end of 1998.
Govt warns of crisis in bus industry

By Louise Burgers

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

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

Stranded

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

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

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

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

ment, we cannot operate.

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

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

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

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

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

"It is a serious situation."

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

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

The Government's policy was, however, that only the most essential services would be subsidised, the statement concluded.\n
City may help out in bus crisis

By Louise Burgers, Municipal Reporter

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

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

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

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

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

Mr Asherson and transport officials recently had a fruitful meeting with the Minister of Public Works and Land Affairs, George Bartlett, to discuss transport problems.
Transnet seeks R1bn from capital market

ANDREW GILL

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

Although the budget had not yet been finalised, he said Transnet would be a net borrower of about R1bn. This compared with estimated borrowings of about R4bn to R6bn in the current financial year.

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

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

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

Louis Geldenhuyse of stockbroking firm George Huysamer & Partners said government would probably be looking at a deficit before borrowing of about R6bn or 3% of GDP.

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

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

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

Potwa general secretary Mlungisi Hlongwane, among new leaders elected recently, told a press conference yesterday the call for mass action would embrace other public sector employees.

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

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

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

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

Mashele said members would also take action on demands for a R180 minimum wage and a R500 across-the-board increase.

A spokesman for the Post Office confirmed negotiations between the two parties would take place shortly.

He said issues raised by Potwa had already been discussed with the previous national leadership.

TREK Airways now controls Safairlines

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

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

Safairlines has operated under that name since the first half of 1988, when it was taken over by Safair Freighters, which changed the airline's name from Air Cape.

Safairlines operates scheduled flights between George, Cape Town, Alexander Bay and Walvis Bay.

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

He said Trek was planning to re-equip the airline with a modern turbo-prop fleet to replace the two ageing 55-seater Convair 880s bought from Namib Air in 1988.

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

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

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

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

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

Discussions

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

However, the airline has not yet started regular domestic flights.

Boeing and British Aerospace (BAe) have both confirmed they are involved in discussions with Trek.

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

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

Trek, operating as Luxavia, is also the SA marketing arm of Luxair.
**More airlines to operate in**

**SA - Durr**

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

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

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

**Gearing up**

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

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

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

**Firm explains cooking oil spill on dam**

By Jacqueline Myburgh

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

At least three birds have died and fish are endangered as a result of the 2,000-litre sunflower seed oil spillage.

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

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

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

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

Yesterday, 300 drums of oil which had been spilled out of the dam stood on the banks. Resident Piet Cotes said he took a walk around the dam every morning, but now the smell had become unbearable.

He also remarked upon the disappearance of a family of Egyptian geese from the dam. Edenvale town clerk Pieter Jacobs said he was satisfied with the cleaning-up operation and believed the spill would not have any long-term effects.

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**Sports**

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

British Prime Minister John Major and, for the first time, his Australian counterpart, Bob Hawke, are putting pressure on the Commonwealth to ease sanctions and boycotts, particularly the ban on arms sales.

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**Aussie govt to ease visa restrictions**

Star Foreign Service

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

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

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

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

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

By MICHAEL MORRIS
Political Correspondent

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

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

FLIGHTS INCREASED

Figures published in the National Transport Commission's annual report for 1988/89, tabled yesterday, show that international flights to and from South Africa went from 27,200 in 1988/89 to more than 31,000 last year.

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

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

By John Miller

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

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

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

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

He said that in an effort to provide a more efficient service and get to destinations on time, pilots were allowed to burn off more fuel during the affected flight.

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

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

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

He said queue lengths at check-in counters were also a problem but these were receiving attention, as was the quality of food.

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

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

He said another area to receive attention this year would be the number of business-class seats available on the Airbus, which is currently only 19 percent compared to 25 percent on the 737.

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

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

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

“Proposals emanating from the group’s discussions will be considered by the minister in due course,” Jones said.

ACO official Richard Mdakane said the group would get going “soon after all the parties concerned have chosen their delegates”.

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

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

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

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

Fare rise to aid rail revamp

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

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

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

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

“The major improvements we are looking at are passenger safety and general security. We have an agreement with the SAP whereby we provide the infrastructure — items like secure fencing and charge-office installation — which they

PEANUTS

By Charles Schulz

Did you get my Valentine? I signed it "from your sweet Barbette".

I’ve never heard of a Barbette.

And if I ever got a Valentine from one, I’d throw it in the wastebasket.

My brother didn’t make it to school today. Apparently somebody hit him with a lunch box.

Standard Bank Investment Corporation Limited

Registered bank controlling company (RSA No 2006/001016/07)
Train fares to rise by 10 percent

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

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

"A process is already underway to improve general security at stations on a countrywide basis," the statement said.

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

"A faster and more sophisticated method of fare collection will be implemented in the near future. - Sapa."
Metro train fares to go up by 10% 

Staff Reporter 

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

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

Cape Town Chamber of Commerce president Mr Lionel Hartmann said last year the timing of the increase was "not very clever" because the economy was going through "a rough time". He said most of the commuters affected would be middle- to lower-income groups, which was not desirable. 

The SARCC said "a process" was already underway to improve general security at stations countrywide. "Stations are being secured, access control reinstated and a police presence maintained in the interest of the commuting public. "A faster and more sophisticated method of fare collection will be implemented in the near future, while station facilities are being upgraded to cater for the basic commuting needs of our clients," the statement added. 

The fare increase will affect 3.4 million, mainly black, commuters.
Train fares to rise by 10 percent

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

Income from the latest increase would be used to improve security, upgrade passenger facilities, implement a faster and more sophisticated electronic method of fare collection and reduce the 70 percent State subsidy, said SA Rail Commuter general manager (marketing) Dr Koos Dreyer.

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

Dr Dreyer said several stations were already being upgraded and 301 would be improved in the next four years.

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

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

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

Staff Reporter

FOLLOWING a series of train-fare increases, Metro services are cutting back on the number of commuter trains operating in the city by 10.57% on March 1.

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

Of the 1,343 commuter trains operating in the city, a total of 142 trains are being withdrawn, including 84 of the 754 trains running on weekdays, 26 of the 373 trains used on Saturdays and 40 of the 241 trains operating on Sundays.

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

- Simon's Town line — cut by 16 trains — reductions include cuts from 100 trains to 116 on weekdays, Saturday trains are reduced from 01 to 77 and on Sundays from 36 to 24.
- Wellington line — cut by 37 trains — reductions include cuts from 213 trains to 187 on weekdays, from 100 to 96 on Saturdays and on Sundays from 70 trains to 63.
- Settlement areas (Cape Flats and Khayelitsha line) — weekday reductions from 255 to 217, Saturday reductions from 147 to 138 and on Sundays from 102 to 84.

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

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

The reductions form part of the SA Rail Commuter Corporation's rationalisation programme. Seventy percent of commuter fares ($700 million annually) are being subsidised by the state. But the state now wants to reverse this system and with subsidy cuts sought to recover 70 cents of every rand back from the commuter.

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

On Wednesday the Minister of Transport, Mr George Bartlett, announced a 10% fare increase from April 1. In February last year fares were increased by 13.2%. A 9% fare increase followed in November and pensioners' discounts of 40% were also scrapped in the same month.
Freight takes back seat

COSSETING of S4 Airways, overemphasis on air routes for passengers and the institution of more and more direct flights to far destinations are costing the country dearly, says Johannesburg Chamber of Commerce and Industry past-president Pat Corbin.

He hopes the reviews of international aviation initiated by the Directorate of Civil Aviation last year will result in more competition and will divorce cargo from restrictive passenger flight legislation.

Since 1949, State policy has been directed at promoting the national airline—frequently at the expense of the total economy, says Mr Corbin.

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

"But the function of transport is to facilitate and not frustrate trade transaction"," he says.

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

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

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

"This indicates the unsuitability of passenger-driven routes for efficient freight movements."
SAA's overseas air fares take a tumble

By GWEN GILL and ROGER MAKINGS

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

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

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

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

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

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

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

"We'll buy empty seats from the airlines and sell them at low prices. "They will be sold on a 'no frills' basis, "We'll run advertisements on seats and prices each week."

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

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

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

By Shovah Bullwinkel and Louise Burgers

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

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

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

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

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

Dirty

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

Commuters also grumbled about dirty seats. One man said, "The morning before, I boarded the bus and the seats were clean. After a while, I saw black smears on them."

Several people suggested that the Johannesburg municipal bus service "should be privatised".

Others interviewed complained of reduced frequencies of buses in their routes, overcrowded buses and rude drivers.

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

Paul Absalom, chairman of the Transport and Utilities Committee of the council said, and all problems within the Johannesburg transport department were being addressed by a team of consultants appointed after he had inherited the portfolio nine months ago.

The consultants had submitted recommendations on rationalising non-viable routes and this month the department released schedules on certain routes.

"In the past, a lot of innovations that have been implemented have not been successful, such as the integration of the bus and rail network," Mr Absalom said.

Transport setting director_Gurt Topky said the service was running at a loss, in spite of a yearly R3 million subsidy from the council.

"We must tell the public that many of the peak buses only cover 20 to 40 percent of their total cost in peak hours." Mr Absalom said.

"In addition, there are many off-peak buses which do not even cover their variable costs (fuel and labour)."

The recent rationalisation of certain routes would save the department about R4 million a year. The transport department would be completely restructured by July next year.

The consultants concluded that:

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

A revision of target routes was needed.

The department could become more cost-effective.

Bus passengers who have complaints about the bus service can contact John Stits or Janna Gerecke on 533 2681 during office hours.
SAA in cut-price move on fares to fill more passenger seats

THE air travel industry is scrambling to recoup some of the R55bn lost each year through 100 000 empty airline seats on flights between SA and long-haul international destinations.

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

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

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

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

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

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

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

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

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

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

By BARRY STREEK

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

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

“This represents a decline of 29.86%,” Mr Vlok said in reply to a question tabled by Mr Jannie Memberg (DP, Simon’s Town).

In addition to the deployment of mobile police units, a plan was underway to safeguard stations countrywide “which will ensure more effective access-control in order to more effectively keep criminal elements off trains.”

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

“The crime rate on trains has dropped significantly,” Mr Vlok said.

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

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

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

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

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

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

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

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

The airport is served by SAA, which operates scheduled freight services between Jan Smuts and Pietersburg using a chartered Dakota.

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

This has led to airlinks between Pietersburg and Tzaneen, Phalaborwa, Hoedspruit, Nelspruit, Giyani, Throyandou, Messina, Louis Trichardt and Maputo.

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

No plans are envisaged to upgrade the existing runway at the civil airfield, as it already handles small jets and medium-sized multi-engine propeller planes.
burring workers in the long run. The second idea can’t be seriously considered either because ticket prices would jump 50%-60% without a subsidy. Prices have already been soaring by 21% annually during the past four years.

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

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

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

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

This is anathema to Jack Vasser, MD of Putco, which has been mauled by black taxis. In 1985 it carried 323m passengers over 188m km. Last year it conveyed 143m passengers over 125m km. It reduced its fleet from 3348 buses to 2662 and its work force from 10917 to 6813.

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

"There can be no free market competition in the mass transport industry while we’re heavily regulated as far as routes and fares are concerned, but black taxis can go where they like, when they like and charge what they like,” he adds.
Peace bad news for local aviation manufacturers

By John Miller

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

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

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

"A new strategy is required for survival and we must diversify and look at the export market to survive and grow".

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

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

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

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

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

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

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

Delegates decided to try to establish a single body to act in the best interests of the industry and to lobby Government for support.
The MINISTER OF THE BUDGET AND AUXILIARY SERVICES: (1) (a) None
(b) (i) and (ii) fall away.
(2) No

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

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

officials in the Budget and Auxiliary Services. To assist the hon member I will certainly give the required information.

The Department of Budgetary and Auxiliary Services renders administrative and auxiliary services to all departments in the administration. Insofar as the handling of staffing relating to CS educators is concerned, this function is undertaken by the component Directorate Personnel of my department, which consists of a staff complement of 32. The ranks of the three most senior personnel are Assistant Director, Personnel Management, Control Personnel Officer and Personnel Practitioner, and their qualifications are the Senior Certificate. I hope this satisfies the hon member.

Mr K PANDAY: Mr Chairman, further arising from that answer, is the hon the Minister aware that the personnel employed in that particular section are not performing their work productively?

The MINISTER OF THE BUDGET AND AUXILIARY SERVICES: Mr Chairman, I am not aware of that. As far as I am concerned the administration is functioning extremely well. I have no problem whatsoever with my personnel in that section. They are most efficient and work very closely with the Department of Education and Culture.

HOUSE OF ASSEMBLY

QUESTIONS

† Indicates translated version

For written reply:

General Affairs

HIV positive: number of persons

36 Mr M J ELLIS asked the Minister of National Health:

How many (a) White, (b) Black, (c) Coloured and (d) Indian persons in the Republic tested HIV positive in 1990?

The MINISTER OF NATIONAL HEALTH

HIV positive: number of persons

36 Mr M J ELLIS asked the Minister of National Health:

How many (a) White, (b) Black, (c) Coloured and (d) Indian persons in the Republic tested HIV positive in 1990?

The MINISTER OF NATIONAL HEALTH

Figures by year are not available. The cumulative total of HIV positive cases as on 30 January 1991 is as follows:

(a) 1 288 White
(b) 4 113 Black
(c) 173 Coloured, and
(d) 39 Indian

Compensatable diseases
(First degree) R27 342
(Second degree) R30 410
Tuberculosis R11 574

Compensatable disease
(a) 13 July 1990, (b) 13 July 1990
Figures by year are not available. The cumulative total of HIV positive cases as on 30 January 1991 is as follows:

(a) 1 288 White
(b) 4 113 Black
(c) 173 Coloured, and
(d) 39 Indian

Compensatable diseases: benefits payable

43 Mr J J WALSH asked the Minister of National Health:

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

The MINISTER OF MINERAL AND ENERGY AFFAIRS AND PUBLIC ENTERPRISES

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

The MINISTER OF MINERAL AND ENERGY AFFAIRS AND PUBLIC ENTERPRISES

(a) and (b) Information pertaining to claims as a result of theft of a sensitive nature and can be used against Spoornet by competitors. Therefore, such information has not been disclosed or published since the corporatisation of Transnet.
shop" has thrown the industry into something resembling disarray.

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

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

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

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

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

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

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

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

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

Williams also says the 5% set commission airlines pay agents is something of a farce.

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**BUSINESS & TECHNOLOGY**

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

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

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

Freeman admits there has been a tendency to keep prices as high as possible for as long as possible. Clearly, what's needed is deregulation and the end of the SA's government's control of international air routes. Then the fun would really begin. But until then, travellers can still enjoy watching Williams make everyone else in the air travel industry scramble.
The decision by thousands of foreign tourists to sit out the Gulf War at home rather than take a holiday abroad is affecting airlines and hotels in SA. The ripple effects go much further.

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

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

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

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

"The war has had a marked effect on business travel and so-called VFR (visiting friends and relations) traffic," Thomas says. "But the flow of tourists from countries such as the US and Italy has slumped badly."

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

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

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

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

For the car hire industry the war has made a bad situation worse. The industry's performance last June was 93% of June 1988, in September it was 88% of September 1989, and in December it was 80% of December 1989. February's figures are expected to be even worse.
Cheaper air tickets — but still out of reach for most people

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

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

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

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

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

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

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

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

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

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

JTT, a streamlined operation selling tickets only, offers bigger discounts than have been available before, and a new airfare discount operation has just opened in South Africa. But will 'bucket-shop' tickets take off here — and will air travel really become cheaper? REG RUNNEY investigates

BA and SAA have followed suit.

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

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

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

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

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

Sources tell The Weekly Mail intergovernmental agreements on air traffic between countries limit the scope for fare slashing.

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

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

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

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

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

Now the airlines are simply calling a discount a discount.

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

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

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

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

This year they expect 200 000 empty seats, he says.

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

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

However, the dwindling of discount offers should in theory be counterbalanced by a fall in air fares if as it is likely the price of crude oil, and hence aviation fuel, will drop after a cessation of hostilities in the Gulf.
No plain sailing at Safren

Safren, in some choppy waters in the six months to December but still, lifted profits 11.3 percent over the same period last year.

The group reported at the weekend that attributable profits for the period were R120 million compared with the previous year's R107.7 million. Earnings per share grew by 10.8 percent to 225c (203c).

Group turnover was only up by three percent at R2,111 billion (R2,069 billion) while operating profit at R33.7 million was up by about eight percent.

Safmarine earnings were up 11.8 percent. Contributing factors were the gold crisis and declining level of world trade.

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

An interim dividend of 60c has been declared (56c) - Sapa.
The MINISTER OF DEFENCE

(1) (a) Quartermaster General Headquar
ters Organisation

SA Defence Force Zevenfontein

Horse Stud

State President’s Unit

5 Military Works Unit

Air Force Base Port Elizabeth

12 Squadron Waterkloof

16 Squadron Port Elizabeth

23 Squadron Ysterplaat

27 Squadron Ysterplaat

88 Maritime Operational Training School

Ysterplaat

114 Commando Squadron

Naval Command East Headquarters (Durban)

Naval Command West Headquarters

(Simon’s Town)

Naval Base Durban

Naval Base Richards Bay

Naval Base Port Elizabeth

Naval Base Saldanha

Naval Base Cape Town

Naval Base Walvis Bay

SAS SONNEBLOM

Marine Corps

General Naval Workshop Wingfield

12 Medical Supply Depot

14 Medical Supply Depot

15 Medical Supply Depot

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

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

Sponsorship donations

110 Adv J J S PRINSLLOK asked the Minister of Mineral and Energy Affairs and Public Enterprises if SADF units disbanded:

(1) (a) Which units of the South African Defence Force have been disbanded since the rationalisation programme came into operation and (b) on what date did it come into operation.

(2) whether any other steps have been taken since then to decrease the Defence Force budget, if so, what steps?

The MINISTER OF MINERAL AND ENERGY AFFAIRS AND PUBLIC ENTERPRISES

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

Sponsorships are therefore normal business decisions which are not administered, nor are they centrally controlled, but are decentralised and administered by the various business units and organisations and even at regional level.

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

Leeuwop Maximum Prison: punishment

111 Mr L FUCHS asked the Minister of Correctional Services if (1) how many prisoners received (i) drastic and (ii) other forms of punishment at the Leeuwop Maximum Prison in the 1990 calendar year and (b) what, in each case, are the details of this punishment.

(2) whether he will furnish the names of the prisoners who received such punishment, if not, why not, if so, what are their names in each case, and (b) whether provision has been made at this prison for procedures for the filing of complaints by prisoners, if not, why not, if so, what are the relevant details?

The MINISTER OF CORRECTIONAL SERVICES

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

(a) and (b)(i) In seventy-five (75) cases
SAA may have regular flights to US by May

SAA could be flying to the US on a regular basis soon/after May 1. US official sources indicate a probable compromise deal between President George Bush and the US Congress whereby some sanctions are lifted. Most likely is that the 1986 ban on landing rights will go.

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

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

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

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

Sources suggest right-wing political prisoners could be released at the same time to neutralise political opposition. However, significant opposition still exists in Congress to any easing of sanctions until the ANC gives the go-ahead.

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

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

The US official said a possible issue with

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

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

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

By DAVE MARRS

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

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

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

Mr Soko said the students would hold placard demonstrations on station platforms and hand out leaflets to passengers to encourage them to form carriage committees and improve security by traveling in groups.
(d) Approximately 44 000 cubic metres of effluent daily

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

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

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

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

Criminal trials

9 Mr A J LEON asked the Minister of Justice
(a) How many criminal trials were conducted in regional magistrates courts in South Africa in 1990 and (b) in how many such trials was the accused not legally represented?

The Minister of Justice

Statistics regarding legal representation in the regional courts are only available for the period 1 February 1990 to 31 December 1990 and in respect of cases disposed of by the courts. The number of criminal trials is therefore furnished in respect of the corresponding period. As far as accurate figures were concerned, statistics are only kept in respect of the number of accused who were not legally represented. The reason for this is that it often occurs that only some of the accused in a case are legally represented, while the others are not.

(a) 30624
(b) 56 073 accused appeared in the above-mentioned trials of whom 28 417 were not legally represented.

Certain members' investigations

10 Mr J VAN ECK asked the Minister of Correctional Services
(a) In compliance with Procons Regulation 77(4) a presiding officer makes no recommendations following the conclusion of an inquiry. He only records his findings.
(b) The presiding officer found that twelve of the defendants were not competent to retain their rank, twelve were not suitable for retaining their senority in rank while the remaining twelve defendants were found to be competent to continue their services in the rank and position they occupied before the inquiry.
(c) In terms of the stipulations of Procons Regulation number 77(4) the commissioner officer who held the inquiry proposed his findings and his reasons thereafter at the conclusion thereof and submitted the record of the proceedings together with a written statement of his findings and his reasons therefore to the delegate of the Commissioner for a decision in terms of section 13 of the Prisons Act, 1959 (Act 8 of 1959). It was decided that four (4) members would be dismissed, two (2) members be demoted in rank and thirty (30) members be demoted in seniority.

Section 13 of the Prisons Act also states that a member may appeal to the Minister against any order discharging him or demoting him in rank or in seniority and in such event the Minister may confirm,
Spoornet signs R6-bn coal agreement

By Sven Linsell

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

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

Exports in the current 1993/4 period are forecast at 44 million tons, compared with 43.5 million tons in 1992/3 and 41 million tons in 1989/90 (see graph).

The agreement was signed by Allen Sealey, chairman of Rand Mines coal division, who represented the coal industry, Barry Lessing, chief executive of Spoornet, and Mike Dunn, MD of RBCT.

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

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

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

The increased rail tonnage coincides with an extensive R320 million refurbishment programme at RBCT, which, according to Mr Dunn, will increase capacity to 53 million tons by the end of this year.

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

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

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

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

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

Over the last few years this discount averaged between $5 and $6 a ton and has cost the coal industry roughly R200 million in lost export revenue.
Abidjan airport now on SAA's regional map

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

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

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

Els said SAA had been waiting for the Zairean government's clearance for landing at Kinshasa.

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

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

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

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

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

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

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

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

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

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

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

Continued on page 98
Flying overseas will cost 10% more

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

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

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

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

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

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

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

Lufthansa spokesman Ms Karm Lambsom said at the weekend that the Iata increase had to be approved by the German government before it could be implemented.

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

Under the new tariffs, a first-class peak-season return ticket between Johannesburg and London — which sells at R11 460 — will cost R12 855; business-class fares will increase from R8 632 to R9 018; and return economy-class tariffs will go up from R6 975 to R7 912.

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

Staff Reporter

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

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

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

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

"A commuter, who had boarded a 6:30pm train on the Mitchell's Plain line, said "drunken youths robbed and stabbed coloured people in the coach". They were wild and I was very nervous," said the man, who asked not to be identified for his own safety.

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

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

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

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

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

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

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

An ambulance service spokesman said yesterday that two commuters who were thrown off "city trains had been treated for dislocated shoulders at Woodstock hospital on Friday night."
Air fares to take off by 10% by LINDEN BIRNS

SA INTERNATIONAL air travellers face a double-headed fare increase on April 1 which will push tariffs up by at least 10%. An Iata 5% (average), fare increase will come into effect with a general currency adjustment increase, also estimated at 5%.

SAA spokesman Stephanie de Witt said the first increase was agreed to at the most recent Iata conference in September 1989. "This increase, which will mean a 5% tariff hike, is the result of commercial considerations and is not based solely on world fuel prices," she said.

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

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

In effect, all normal economy, business and first class fares would go up by 7%.

peak-time fares by 8%, shoulder-season tariffs by 5% and low-season tickets by about 4%, she said.

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

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

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

Lufthansa spokesman Karin Lamshon

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

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

Under the new tariffs, a first class peak-season return ticket between Johannesburg and London — which sells at R11 460 — will cost R12 835, business class fares will increase from R8 082 to R9 018, and return economy class tariffs will go up from R5 975 to R7 812.

First class peak season return fares for Johannesburg-Taupen flights will rise to R15 755, business class fares to R13 327 and economy class fares to R10 719.

The increases will affect not only long-haul international flights, but also regional cross-border flights...
Masstran planners hope to integrate all transport

By Julienne du Toit

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

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

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

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

This would mean they could make more money out of many short trips during rush hour than only one or two on long haul routes.

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

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

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

A final report on the feasibility study, which projects its plans to the year 2003, will be presented to the Department of Transport in June.
SAA fares up again in April

By John Miller

South African Airways is to increase its international air fares by five percent next month.

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

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

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

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

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

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

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

On 18 January 1991 the Department responded to the resubmission of the application concerned, by indicating that, in view of completed new improvements to the terminal facilities at Louis Botha Airport, passenger growth is being experienced and expected in future, an in-depth study of the ultimate capacity of the airport and a projected time scale associated therewith, is being undertaken by the Department. Once the study has been completed, the application of Tongaat would be reconsidered in view of the findings reached, since those will have an impact on the requirement for the development of an airport at La Mercy site.

(2) No, the above-mentioned elucidates the matter sufficiently.

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

The DEPUTY MINISTER OF TRANSPORT

Mr Chairman, I would like the hon member to put his question on the question paper, so that the hon the Minister can answer it.

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

(1) Whether any professional posts are vacant at the (a) King Edward VIII Hospital and (b) Natal Medical School, if so, (i) how many, (ii) in which departments and (iii) in respect of what date is information furnished,

(2) Whether she will make a statement on the matter?

**The MINISTER OF NATIONAL HEALTH**

(1) (a) Yes and

(b) yes,

(i) King Edward VIII Hospital: 14 posts

(ii) Natal Medical School: 10 posts

(ii) King Edward VIII Hospital: 10 posts

(iii) General Surgery

(iv) Nursing

(v) Physiotherapy

(vi) Occupational Therapy

(vii) Pharmacy

(viii) Social Work

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

Conference: local government affairs

(1) Whether the Administrator and/or Executive Committee of the Transvaal hosted a conference on local government affairs in Pretoria on or around 12 February 1991, if so, what are the relevant details,

(2) whether representatives of Black local authorities were invited, if not, why not,

(3) whether representatives of Indian and Coloured management committees were invited, if not, why not in each case,

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

**The DEPUTY MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING**

(1) The Administrator invited all White local governments to a meeting which took place at the CSIP on 12 February 1991.

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

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

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

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

By Carina le Grange

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

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

"The ideal visualised is an integrated, multi-modal passenger transport system which will serve the needs of all," he said.

Among policy objectives accepted to bring this about were:

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

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

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

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

Bartlett was speaking at a ceremony at which George’s P W Botha Airport received the Airport of the Year award. He said full privatisation of airports was “a long way off” and that commercialisation under state control was the preferred means of making them profitable concerns.

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

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

Bartlett said full commercialisation could be expected within the next year.

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

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

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

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

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

Delegates will discuss union issues

VERA VON LERES

THE Nactu-affiliated Metal and Electrical Workers’ Union (Mewasa), representing 28 000 workers, is to hold its national congress in Johannesburg this weekend.

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

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

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

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

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

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

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

‘Major health care challenges face SA’

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

Speaking at the SA Nursing Council AGM, Slabber said other challenges were AIDS, the unacceptably high population growth, rapid urbanisation, the low economic growth rate and shortage of funds.

It was decided that the future health care system had to be based in primary health care and had to provide an equitable service accessible to all.

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

She said the number of nurses had risen by 2% last year.
SAA was investigating the possibility of operating regular flights to the Soviet Union and Eastern Europe, and would probably fly three times a week to New York once the US reinstated its landing rights, C. Gerdt van der Veer said yesterday.

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

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

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

Criticism

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

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

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

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

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

the imposition of sanctions," he said.

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

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

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

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

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

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

This was in line with international trends.

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Linden Birns

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Alexandra mayor accused of 'importing murderers'

ALEXANDRA Civic Organisation (ACO) president Moses Mayekiso yesterday lambasted the township's mayor Prince Motsepe for allegedly fuelling instability by bringing in foreigners who were "merrily murdering" residents.

Addressing a media briefing in Johannesburg, Mayekiso said his organisation had received several threats from people which wanted to reverse political gains made by Alexandra's people.

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

"There are also allegations that Mokoena facilitated the influx of foreigners into Alexandra," Mayekiso said. It was believed these "foreigners" included people from Mozambique, as some were overheard speaking Portuguese.

"The importation of rooidee from the East Rand, West Rand, Natal and Mozambique was done behind the scenes, without the knowledge of political organisations, by the third force which wanted to reverse political gains made by Alexandra's people."

Mokoena was someone who had sought a home in Inkatha, Mayekiso said, but the ACO leadership had told him to "hit the community very hard."

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"The campaign is our way of involving our people in this process," the organisation said.

In a similar statement, former Daveneyton mayor Tom Boya distanced himself from reports that his resignation was prompted by intimidation from the ANC and the ANC and the ANC.

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

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Trial trio's indemnity hopes high

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

Regional magistrate WF Kruger granted a postponement to June 6 at the request of counsel for Jan Dirk Heyns du Bruyn, 37, of Krugersdorp, Gert Johannes Jacobs du Bruyn, 30, of Elandersand, and Artur Deitel Guderman, 23, of Pretoria.

Counsel for the defence, J. Rouxouel indicated that in the light of the "perpetrator" (previously known as right-wing Orde Boerevolk leader Piet "Siet" Rudolph) being granted indemnity on Monday, the charges against his clients would receive similar treatment.

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

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

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

The men's bail of R2 000 each was extended.8(2016-07-27)

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

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Cast denies trying to derail

THE Civic Associations of Southern Transvaal (Cast) charged yesterday that it was not a front for the ANC and that its campaign to use local town councilors to support the removal of residents in townships in which it operates.

In an interview in Johannesburg, Cast denied that its isolation campaign was aimed at derailing the negotiation process.

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

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

"The campaign is one way of involving our people in the negotiation process," the organisation said.

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

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"The system of the black local authorities is bankrupt," he said — Sapa.
OVER the past 10 years, SAA's airfares have increased by 315 percent — increases made up of currency adjustments (136 percent) and commercial and inflationary rises of 180 percent.

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

Like other airlines, SAA went through difficult times during the Gulf War when jet fuel prices rocketed.

Notwithstanding last year's dramatic increase in domestic and international airfares, SAA has managed to keep its prices at a reasonable level, says Mr Els. He claims airfares are still more than 3 percent below satisfactory tariffs.

Defending the almost 400 percent across-the-board increases during the past 10 years, Mr Els points out that for 28 months from January 1986, domestic fares did not go up.

He said the series of increases in these fares up to the beginning of 1989 merely allowed the airline to catch up and begin making suitable returns to repay debts on its fleet.

For the first time in some years, the domestic wing of the airline should break even or make a small profit this year compared to a shortfall of R25 million the previous year.

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

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

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

Lufthansa spokesman Karin Lamb says that over the past 10 years her company increased its domestic fares by about 36 percent and for business class between Frankfurt and New York by 67 percent.

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

Kathy McWhiter, general manager marketing at Kottons, says SAA will have to keep airfare increases down to a minimum, especially with deregulation already occurring.

"Deregulation might in fact be good for the traveller and at least allow him to choose the airline and type of service he is prepared to pay for."
Airbus deal ‘will cost Trek R795m’

TREK Airways, which will soon compete against SAA on domestic air routes, is understood to have placed an order worth at least R795m for “five to seven” Airbus A320 aircraft, which it will have in the skies by the end of July.

SAA has ordered seven of the same 150-seater aircraft, but will receive its first plane, also to be used on internal routes, only in November.

Trek MD Jan Blake was unavailable for comment yesterday. The airline’s GM Reinhardt Mecklenburg said Blake was yesterday signing contracts confirming aircraft orders.

Mecklenburg declined to specify exactly what aircraft had been ordered, but said he hoped Trek would be able to “confirm the rumours once and for all” today.

It is not yet clear whether Trek will be leasing the aircraft as was initially planned, or whether they have opted to buy outright the aircraft from Airbus.

A recent newsletter from Airbus Industrie in Toulouse, France, said an unnamed customer had placed an order for seven new aircraft. Airbus spokesman David Veliapinan would not confirm whether Trek was the unnamed customer.

“All I can tell you at this stage is that Airbus has briefed Trek on the A320, and Trek is very interested. More than that I am not allowed to tell you right now,” he said.

Sources close to the Boeing Commercial Airplane Company, which sent several missions to Johannesburg to try to close a deal with Trek, confirmed that Trek had rejected Boeing’s offer.

British Aerospace has also made a bid to secure a sale, but was also unsuccessful.

Another unsuccessful contender was McDonnell-Douglas, which was anxious to create a presence in the Boeing-dominated African civil aviation market.

Last December Trek was awarded licences to operate 12 daily flights between Johannesburg, Durban, Cape Town, Port Elizabeth and East London.

At the time Blake said he aimed to capture at least 20% of the total local passenger market. This week sources close to SAA’s domestic services predicted Trek might in fact get an even bigger market share, possibly in the region of about 35%.

Trek is jointly owned by Rentmeesterbeleggings Ltd, Satmarnae and Muelkyn (Pty) Ltd. None of the three owners has a controlling interest in Trek.

Blake said earlier the new domestic services would be financed mainly from internal sources but that further investments by the three co-owners would probably be required.
RSCs willing to share state's transport load.

CENTRAL WITWATERSRAND REGIONAL SERVICES COUNCIL chairman John Griffiths said yesterday RSCs would have no objection to taking over part of the state's transport subsidies.

He was reacting to Finance Minister Barend du Plessis's Budget announcement that RSCs should help shoulder the subsidy burden from July 1 next year.

The state spent almost R600m in transport subsidies in the 1988/89 financial year.

Du Plessis said to ensure cost-effective transport subsidies, an integrated strategy was being developed by state departments to co-ordinate subsidy expenditure involving land-use, housing, job opportunities and other factors that impacted on the demand for transport.

Responsibility for transport subsidies should be allocated on a regional basis, so that each regional authority would accept responsibility for subsiding of commuters in its region.

Griffiths said if funds were available, the RSCs should be able to make a contribution. At present, however, RSCs did not have the funds to subsidise transport due in part to their commitment to allocating bridging finance to black local authorities.
VAT to push up domestic airfares by 12%

DOMESTIC airfares are set to rise by at least 12% with the introduction of VAT at the end of September (26/)

SAA spokesman Stephanie de Witt said yesterday no tax (GST) was charged on internal flights but the introduction of VAT would apply to domestic airfares.

However, SAA spokesman Leon Els said exact plans had not yet been made to accommodate the new tax (27/)

Association of SA Travel Agents (Asata) president Barney Singer said in Cape Town yesterday government still had to "spell out" how VAT would be applied to domestic airfares.

With Trek Airways entering the domestic passenger market during the third quarter of the year, it was possible that the addition of VAT to tariffs could be the spark needed to set off a domestic price war between SAA and Trek, Singer said.

Els said he doubted that SAA or Trek would be able to undercut one another.

Just The Ticket (JTT) MD Bob Williams said while international air travel was recovering — albeit slowly — in the aftermath of the Gulf war, domestic air travel would be adversely affected by the introduction of VAT.

JTT, which opened as SA's first "bucket shop" air ticket brokers, processed more than R1.5m in international air tickets during its first 15 operational days, he said.
SAP members: convictions

76 Mr A J LEON asked the Minister of Law and Order 2-2[3] [11]

How many members of the South African Police were convicted of (a) murder, (b) culpable homicide, (c) assault with intent to do gerruous bodily harm and (d) common assault in 1987, 1988, 1989 and 1990, respectively?

The MINISTER OF LAW AND ORDER

(a) Murder

1987 — 3
1988 — 22
1989 — 27
1990 — 11

(b) Culpable homicide

1987 — 30 members (of which 11 were involved in motor collisions)
1988 — 48 members (of which 20 were involved in motor collisions)
1989 — 45 members (of which 14 were involved in motor collisions)
1990 — 35 members (of which 11 were involved in motor collisions)

(c) Assault with intent to do gerruous bodily harm

1987 — 86
1988 — 119
1989 — 136
1990 — 77

(d) Common assault

1987 — 345
1988 — 420
1989 — 338
1990 — 295

Note

Although there has been a drastic decrease in 1990, in comparison with 1988 and 1989, in the appearance of convictions against members for offences of this nature, the situation is still not satisfactory, and to the Commissioner, the South African Police and myself it remains totally unacceptable.

Steps are being taken to make members aware of this unacceptable state of affairs, to warn them against such deeds and the committing of such deeds, as well as to impress upon them the fact that it has a negative influence on the positive image the South African Police are striving at.

The conviction of these members, after the investigation was done by the South African Police is striking proof that such conduct will not be tolerated and that all investigations are done in a proper and impartial manner.

N3 toll road: costs/toll money

145. Mr W U NEL asked the Minister of Transport 2-2[3] [11]

(1) In respect of the N3 toll road between Heidelberg (Transvaal) and Pietermaritzburg for the latest specified 12-month period for which information is available, (a) what was the total cost of (i) operating the toll plazas, (ii) maintaining the stretch of road in question and (iii) the further construction work on this section of road, (b) what total amount was collected in toll money and (c) what is the estimated monetary value of toll money forewent through toll concessions to members of the public,

whether, with reference to the above toll road and 12-month period, his Department paid over any money to a certain company, the name of which has been furnished to the Minister's Department for the purpose of his reply, if so, (a) what is the name of this company and (b) how much was paid over in respect of (i) operating the toll plazas, (ii) maintaining the stretch of road in question and (iii) further construction work on this section of road?

The MINISTER OF TRANSPORT

(1) (a) The total cost of operating the three toll plazas situated on the N3 between Heidelberg (Transvaal) and Pietermaritzburg, at Wilge Toll Plaza, Tugela Toll Plaza and Mooni Toll Plaza amounted to R3 397 142,00 for the 12-month period ended 30 June 1990. This figure excludes the allocation of any Head Office overheads and Route Office expenses not directly attributable to the toll plazas

(ii) The cost of maintaining the stretch of road in question amounted to R2 709 026,00 for the 12-month period ended 30 June 1990

(iii) Construction costs on this section of road amounted to R153 222 000,00 for the 12-month period ended 30 June 1990 and includes plaza construction costs

(b) The total amount of toll money collected for the 12-month period ended 30 June 1990 amounted to R44 045 894,00 (after concessions and discounts)

(c) Toll money forwent through toll concessions amounted to R1 270 060,00 for the 12-month period ended 30 June 1990

(2) Yes, the Department of Transport did pay over money to the company mentioned in (2)(a)

(a) The name of the company which financed, constructed, operated and maintained certain sections of the N3 as a toll road as agents of the State, is Toll Road Concessions (Pty) Ltd (Tolcon)

(b) (i), (ii) In terms of the State's agreement with Tolcon an amount of R44 145 053,00 (equal to the toll income and surdry income collected on this section of road) was paid to Tolcon towards meeting their expenses incurred on the toll road for the financial year ended 30 June 1990.

The expenses incurred by Tolcon on this section of road are as follows:

— Plaza operating costs R3 397 142
— Route overheads R474 323
— Route maintenance R2 709 026
— Route services R629 024

Route Office expenses not directly attributable to the toll plazas

— Share of corporate office costs R2 228 895
— Share of promotional costs R31 428
— Share of training costs R528 667
— Share of interest costs R34 860 747
— R45 139 252

The shortfall of interest was capitalised by further borrowings

Military hospitals: bed occupancy rate

157 Lt-Gen R H D ROGERS asked the Minister of Defence 2-2[3] [11]

What was the average bed occupancy rate in military hospitals in 1990?

The MINISTER OF DEFENCE

54,4%

SA Co-ordinating Consumer Council

194 Mr L F STOFBERG asked the Minister of Trade and Industry and Tourism 2-2[3] [11]

(1) What amounts have been (a) voted to the South African Co-ordinating Consumer Council and (b) generated by this council itself since 1985?

(2) whether he is the only member of the Cabinet who is authorised to concern himself with the implementation of policy by this council, if not, (a) why not and (b) what other members of the Cabinet are authorised to do so,

(3) what procedure is adopted in appointing a chairman for the said council?

The HOUSE OF ASSEMBLY
New crackdown on train-gang terror

By SHARKEY ISAACS
Staff Reporter

SPORNET and the SA police are stepping up efforts to curtail crime on the railways after a renewed outbreak of armed robbery, muggings and terror attacks by gangs on Peninsula trains travelling to black and coloured townships.

Fourteen suspects were arrested in the latest flare-up after gangs of youths terrorised commuters. Some were knifed and robbed. Two people were injured when they fled their attackers and fell off passengers coaches last Friday.

Mr Dumisana Fbayi, an education officer at the SA Museum, who travels daily to the city from Guguletu said the situation was getting bad, especially in third class passenger coaches.

"Police know about it and there is a strong presence on trains and stations."

Police deployment was stepped-up last week after friction between black and coloured commuters near Heidelberg.

Captain Loekie Jordaan, head of the police mobile unit, said every effort was being made to contain crime.

A Sporinet spokesman said security teams were working with police and arrests had been made.

Sporinet has a toll free number, 0800 021 0081, and commuters are urged to report incidents.

Criminals had 640 trains to choose from Monday to Friday, 353 trains on Saturdays and 201 trains on Sundays.
The 4%-7% increases in international fares that SA Airways and its pool partners will charge from April 1 are only the first of more to come this year.

The International Air Transport Association-sanctioned increases are intended to enable its members to cover general increasing cost increases. They are not intended to counter specific increases, such as rising fuel costs or depreciation of the rand. No doubt fare increases to cover these will follow.

They were set in November at the annual IATA tariff co-ordinating conference in Genoa, which decreed normal fares would be increased by 7% and discount fares by 4%-6%.

The effect of this, says Stephanie de Witt of SA Airways, is that a business-class return air ticket to London will be increased by 7% to R8 616. A first-class return to the same destination will go up from R11 460 to R12 263.

Pax fares, which allow travellers to stay abroad for between 14 days and six months, will be increased by 4% in the low season, 5% in the shoulder season and 6% in the high season. A low-season Pax return ticket to London, increases from R3 319 to R3 452, a shoulder-season return fare from R3 519 to R3 695 and a high-season ticket from R3 987 to R4 227.

UTA GM marketing Richard van Zyl welcomes the increases — as much for the airlines as he does for the retail travel industry which, to get business, often shares commissions with bargain-seeking travellers.

"The higher fares will enable them to earn more," says Van Zyl. "Airlines cannot operate without them but the way they were going about things was making it difficult for them to stay in business. It wasn't increasing the pool of potential travellers. Anyone who can afford to fly to Europe will fly whether he saves R300 on his ticket or not," he says.
Armed guards to travel on trains

By SOPHIE TEMA

A 24-HOUR police guard has been introduced on black trains and stations in Johannesburg to protect passengers.

Police will travel on trains between Johannesburg and Naledi and some stations have been made safer by the installation of fences for better gate control.

The South African Rail Commuter Corporation (SARCC) this week made the announcement.

The SARCC was established in April last year to assume responsibility for rail commuter services in view of the government's decision to deregulate the railways.

While the SARCC is responsible for the safe operation of railway equipment, the SAP are to take responsibility for the personal safety of passengers on trains.

Violence on trains, resulting in the deaths of scores of commuters, led to an exodus from the railways to minibus taxis.
Making life safer for commuters

THE South African Rail Commuter Corporation is to spend millions of rands on upgrading of security measures at its 356 metro station nationwide in the next five years.

The SARCC, which has contracted Transnet to run its trains in metropolitan areas, is engaged in this huge financial programme to provide more security on stations and ensure safety of its commuters.

The five-year plan, from 1991 to 1995, will involve stations in the metropolitan areas of Johannesburg, Cape Town, Pretoria, Durban, Port Elizabeth and East London.

Mr Don Manaka, SARCC’s assistant manager (marketing communication), said of the total of 356 metro stations, 247 would eventually be fully policed.

The upgrading meant making stations safe through the installation of proper security fencing, erection of satellite reporting offices, better gate control and 24-hour police presence.

Manaka said upgrading of facilities and security has already been completed on the Naledi-Mzumlopho line.

He said work on 30 Reef stations will be finished this year.

“This means they will be properly fenced in, facilities upgraded and have staff manning ticket offices and barriers.

“We are going to extend this service, with the assistance of the SAP,” he said.

By NKOPANE MAKOBA

over time to all major stations around South Africa.

“It must be noted that the corporation is responsible for the safe operation of its equipment, while the SAP are entrusted with personal safety of commuters,” he said.

Manaka also said the corporation was concerned with the recent sporadic attacks of passengers on trains.

“We are aware that people want to travel without fear of being robbed, raped or assaulted,” he said.

The corporation is confident that steps already taken and those envisaged, will greatly contribute towards making rail commuting a safe and pleasant experience once again.

“We believe that commuters are the most important assets and therefore we want to make them feel safe as well as comfortable in the trains,” he said.

Manaka explained that since its inception the corporation has swiftly reacted to market indicators.

He said the security situation on its property was identified as one of the most important issues.

“ar improve the quality of its services and to give better value for money to all its clients, toilets, shelters, benches, lighting and so on, are being repaired and will also cost the corporation millions of rand,” he said.

Worker’s busy at Pheleni Station as part of the the SARCC programme to upgrade facilities at stations nationwide that were vandalised in the past few years. Pic by MOFFAT ZUNGU.
Getting them back on the rails

THE South African Rail Commuter Corporation, which has lost hundreds of passengers to other means of transport, is determined to win them back.

"The last few years have seen many black travellers, who for many years solely depended on the railways, change to taxis.

Even the loyal urban commuter who relied on trains to travel daily to and from work, has switched to taxis and buses.

In an interview with Sowetan, Mr Don Manaka, SARCC's assistant manager (marketing communication), said there were many factors that needed to be examined.

By NKOPANE MAKOBANE

when it came into being.

These were to maintain the present levels of service, persist with a policy of non-investment and allow levels of service to decline to zero level and to raise the level of service to the standard of 1984.

"It was evident that an efficient suburban passenger transport system was indispensable to a new South Africa. Subsequently the corporation decided to accept the challenge to raise the level of service.

**Reaction**

The corporation has also, since its inception, swiftly reacted to market indicators. The security

"Some stations would only be patrolled by a mobile police squad once a day or night, depending on the environment. These would be stations where the level of activities do not warrant policing.

"Provision is being made for additional policemen. Once we have police at major embarking and disembarking points, they would ensure that armed culprits do not gain entry into stations. This would be one of the most effective ways to curb violence on trains.

"We also intend using certain security-measures while people are in transit. We cannot divulge them at this stage because that would be alerting the criminals.

"Although this is a long-term programme, we will be made safer through the installation of fences, upgrading of facilities, satellite reporting offices, better gate control and 24-hour police presence," he said.

In addition, Manaka said the corporation intended to improve the cleanliness of its trains and stations. Furthermore, it wanted to repair basic facilities on stations such as toilets, shelters, benches and lighting.

**Vandals**

He urged commuters to regard all these efforts as a joint venture. He pointed out that money spent by the corporation comes from the taxpayer.

"It is important that every commuter keeps an eye on vandals. Any crime committed on the corporation's property can be reported. We have introduced a scheme in which we reward people reporting incidents of crime.

"Very shortly a toll-free crime reporting telephone number will appear all over in stations, trains and the media. Meritorious reports will be rewarded, while all information received will be treated as confidential.

"We are going to pay rewards of up to R25 000 to people who report vandalism. This is not just our property, but the taxpayers' as well."

Mr Don Manaka . . . wants the passengers back.
History

He gave the following background to the history of the railways in South Africa.

The SARCC was established on April 1, 1990, to assume responsibility for rail commuter services throughout the country. It evolved from the South African Transport Services following the Government's policy of deregulating and commercialising Transnet.

The legal obligation in terms of the successor to the Sars Act of 1989 was to provide rail commuter services in South Africa. This meant that the running of the trains was to be undertaken by Spoornet, a subsidiary of Transnet, under contract to the corporation.

Transnet has been contracted to run the corporation's trains in metropolitan areas of Johannesburg, Cape Town, Pretoria, Durban, Port Elizabeth and East London.

Support

He said suburban passenger services in South Africa had always been dependent on Government support. As a result of continued losses, the Government followed a policy of minimum investment in commuter services since 1984.

"Consequently levels of service deteriorated. The phenomenal growth of the taxi industry and the socio-political climate in South Africa, with urbanisation, contributed to the problem."

"The increasing popularity of taxis was also a clear indication that the travelling needs of passengers have become far more sophisticated."

"Unfortunately, it is also true that the quality of rail commuter services in terms of rolling stock, station and transfer facilities as well as personal safety of passengers, did not always meet expectations," he said.

To remedy the situation, he said, there were three possible options that faced the corporation

situation on "corporation property was identified as one of the most important issues."

He pointed out that until 1986, security regarding commuter services of the then Sars was the responsibility of the railway police.

"Since the amalgamation of the railways police with the South African Police, security has deteriorated. Vandalism, theft and intimidation of and assaults on passengers, unfortunately, became virtually commonplace."

Safety

"Research also clearly indicated that personal safety was the single most important factor discouraging people from using the Metro services."

"This issue has been dealt with at the highest level. A decision was taken by the State Security Council that the function of security of the rail commuter services rested with the SAP, he said."

According to Manaka, it is for this reason that the corporation in the next five years will be spending millions of rands on upgrading security measures at each of the 356 Metro stations nationwide.

The aim

"The corporation is confident that all the steps already taken, and those envisaged, will greatly contribute towards making rail commuting a safe and pleasant experience once again."

"Our bid is to listen to and work with the community Negotiations to this effect are underway. We are doing our best, in the interest of commuters to keep fares reasonable. We want to provide a reliable, safe and congestion-free transport system."

"We believe we will win back those lost passengers. They must put us to the test. We can provide far better transport service than anybody else."

"The positive reaction thus far from the commuting public is a clear indication that the corporation is on the right track with these actions."

"We are happy that upgrading of facilities and security has already been completed on the Naledi-Mzimhlophe line. Work on 30 Reef stations will be finished this year."

"This means stations
Getting them back on the rails

THE South African Rail Commuter Corporation, which has lost hundreds of passengers to other means of transport, is determined to win them back.

The past few years have seen many rail commuters travel daily to work, and from work, withTwice as many commuters as usual in taxis and buses.

In an interview with Sowetan, Mr Don Mansaka, SACC's assistant manager (marketing and communications), said there were many factors that needed to be examined.

**History**

He gave the following background to the history of the railways in South Africa.

The SACC was established on 1 April 1990 to assume responsibility for rail commuter services throughout the country. It evolved from the former Transnet Corporation and the National Railways of South Africa.

The SACC's primary objective is to provide safe, reliable and efficient passenger and freight services throughout the country.

**Support**

He said although passenger services in South Africa had always been dependent on Government support, the Government had followed a policy of minimum investment in commuter services since 1964.

“Consequently, levels of service were determined by the prevailing economic situation in the country. Railways were forced to reduce services to meet the needs of the economy. The Government has since taken steps to improve services and infrastructure,” he said.

He said the SACC had taken steps to improve services and infrastructure and had invested heavily in new equipment and upgrading the network.

**Safety**

Safety has been a major concern for the SACC, and the company has made significant investments in safety measures to ensure the safety of its passengers.

The company has implemented a range of initiatives to improve safety, including the installation of advanced signaling systems, upgrading of infrastructure, and the implementation of enhanced security measures.

**Vandals**

The SACC has implemented a number of measures to combat vandalism, including increased police patrols and the deployment of security officers.

The SACC has also partnered with local communities and law enforcement agencies to address the issue of vandalism.

Mr Don Mansaka wants the passengers back.

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SOWETAN Tuesday March 26 1991 Page 11

By KUPANE MAKOBANE

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**Reaction**

“The corporation has also, since its inception, swiftly reacted to market demands. The security situation on commuter trains was identified as one of the most important issues.”

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**Safes**

“Research also clearly

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Mr Don Mansaka, the

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Mr Don Mansaka wants the passengers back.
SAA gives reasons for air fare rise

By John Miller

SAA has defended its latest international air fare increase

SAA's reasons for the 7 percent increase include the price of jet fuel — which it says is still 28 percent higher than before the Gulf War — and the weakening rand.

SAA media manager Leon Els stood by the reasons for the latest price increase, adding that the cost of spares and salaries all played a part.

The increase comes into effect on Monday. The increase on special or discounted fares will range between 4 and 6 percent depending on the season.

A travel industry source said SAA could not justify the increase and use fuel prices as the reason for this rise, adding that until deregulation took place, passengers would have to accept the dictates of SAA.

Excluding the April 1 increase, the airline has increased its air fares by 19 percent in the last year, of which 16 percent was directly the result of fuel price surcharges.
WEDNESDAY, 27 MARCH 1991

House of Assembly

Managing director—
J S Theron

Shareholders—
L G van Tonder
C J van Tonder

Managing director—
L G van Tonder

Mrs C V Gardner
—Solo proprietor

Sandton: post offices/postal services

176 Mr D J DALLING asked the Minister of Mineral and Energy Affairs and Public Enterprises whether it is the intention to provide any additional (a) post offices and (b) postal services in the Sandton area in 1991, if so, (i) where, (ii) what services, and (iii) when, in each case?

The MINISTER OF MINERAL AND ENERGY AFFAIRS AND PUBLIC ENTERPRISES

(a) Yes

(i) Kelvyn,

(ii) post office, and

(iii) 30 June 1991—

unforeseen circumstances have unfortunately caused further delay in the matter. According to the owner of the Kelvyn Shopping Centre, the accommodation for the proposed post office will now be ready for occupation at the end of June 1991

(b) Yes

(i) Lunbro Park and Buccleuch,

(ii) Lunbro Park—new mail collection point with 1 500 private boxes to serve Lunbro Park and Extensions, and Buccleuch—new mail collection point with 2 000 private boxes to serve Buccleuch and Extensions, and

(iii) Lunbro Park—30 March 1991—problems are still being encountered with the contractor and the date of com-
30 June 1990, respectively?

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<th>Coloureds</th>
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Suburban trains: persons injured/killed

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<th>Whites</th>
<th>Coloureds</th>
<th>Indians</th>
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<tr>
<td>August 1990</td>
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<td>15</td>
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</table>

The MINISTER OF MINERAL AND ENERGY AFFAIRS AND PUBLIC ENTERPRISES

How many (a) Blacks, (b) Whites, (c) Coloureds and (d) Indians were (i) prosecuted for and (ii) convicted of rape during the periods 1 July 1988 to 30 June 1989 and 1 July 1989 to 30 June 1990.

Johannesburg Station
Durban
Lynedel
Eerste Fabriek
Wynberg
George Goeh
Wynburg
Blackheath
Florida
Mayfair
Athlone
Khayelitsha
Eerste Fabriek
Naledi
Crown
Salt River
Salt River
Umkomas
Caradene
Irene

The following supplementary information is furnished for the sake of completeness.

The MINISTER OF JUSTICE

(a) Number of persons prosecuted for rape

<table>
<thead>
<tr>
<th>Date Range</th>
<th>Blacks</th>
<th>Whites</th>
<th>Coloureds</th>
<th>Indians</th>
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</thead>
<tbody>
<tr>
<td>1 July 1988 to 30 June 1989</td>
<td>7249</td>
<td>6983</td>
<td>2545</td>
<td>76</td>
</tr>
<tr>
<td>30 June 1989 to 30 June 1990</td>
<td>224</td>
<td>254</td>
<td>2525</td>
<td>75</td>
</tr>
</tbody>
</table>

(b) Number of persons convicted of rape

<table>
<thead>
<tr>
<th>Date Range</th>
<th>Blacks</th>
<th>Whites</th>
<th>Coloureds</th>
<th>Indians</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 July 1988 to 30 June 1990</td>
<td>577</td>
<td>466</td>
<td>1431</td>
<td>24</td>
</tr>
</tbody>
</table>

Schools: enrolments

185 Mr A GERBER asked the Minister of Education and Training:

(a) How many pupils were enrolled in schools under the control of his Department as at the latest specified date for which figures are available?

(b) What amount was appropriated for his Department for the year in respect of which the above-mentioned figure is furnished?

The MINISTER OF EDUCATION AND TRAINING

(a) 2225 713
(b) 336 823 000

Enrolment as at 4 March 1990

Note

The above amount excludes the amount of R226 818 000 which has been allocated for the improvement of conditions of service on budget vote 31, but it includes the provision for four universities and one technician.

Suburban trains: persons injured/killed

192 Mr J CHIOLE asked the Minister of Mineral and Energy Affairs and Public Enterprises:

(a) How many persons were injured and killed during each month from 1 April 1990 to 31 January 1991 as a result of incidents of (i) political unrest and/or (ii) unrest, (b) how many of these persons were Spornet employees and (c) where did these incidents occur?

(b) How many additional members of staff is it estimated will be necessary to safeguard trains against incidents of this nature and in what capacities will these members of staff have to be employed?

(c) What security measures have already been taken in this connection in order to protect commuters?

The MINISTER OF MINERAL AND ENERGY AFFAIRS AND PUBLIC ENTERPRISES

The Managing Director of TRANSNET LIMITED has indicated that the information required by the honourable member is as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>Injured</th>
<th>Killed</th>
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<tbody>
<tr>
<td>July 1990</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>August 1990</td>
<td>1</td>
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Note

The above-mentioned figures exclude the amount of R226 818 000 which has been allocated for the improvement of conditions of service on budget vote 31, but it includes the provision for four universities and one technician.
<table>
<thead>
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<th>Month</th>
<th>INJURED</th>
<th>KILLED</th>
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<tr>
<td>September 1990</td>
<td></td>
<td></td>
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The MINISTER OF EDUCATION AND TRAINING
(a) 501 (1990)
(b) 1 (1990)

Certain crimes: sentences
214 Mr L. FUCHS asked the Minister of Justice:
For each of the crimes of (a) culpable homicide, (b) assault with intent to do grievous bodily harm, (c) common assault and (d) theft, how many persons were convicted of (a) murder, (b) culpable homicide, (c) rape, (d) assault with intent to do grievous bodily harm, (c) common assault and (f) theft in each province in 1988 and 1990, respectively?

Each province: convictions
215 Mr L. FUCHS asked the Minister of Justice:
(1) How many persons were convicted of (a) murder, (b) culpable homicide, (c) rape, (d) assault with intent to do grievous bodily harm, (c) common assault and (f) theft in each province in 1988 and 1990, respectively?
(2) How many of the above persons were members of the (a) White, (b) Coloured, (c) Indian and (d) Black race group?

The MINISTER OF JUSTICE
(1) The information is not readily available in the Department. In an effort to be of assistance to the Honourable Member, the following information was obtained from the Central Statistical Services for the period 1 July 1988 to 30 June 1989 and 1 July 1989 to 30 June 1990.

The following was obtained from the Central Statistical Services
Period 1/7/88—30/6/89 1/7/89—30/6/90

<table>
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<th>Crimes</th>
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<tr>
<td>(a) Murder</td>
<td>2 696</td>
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<td>(b) Culpable homicide</td>
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<td>(c) Rape (attempted rape included)</td>
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<td>(d) Assault with intent to do grievous bodily harm</td>
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<td>(e) Common assault</td>
<td>41 325</td>
<td>37 438</td>
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<td>(f) Theft</td>
<td>83 736</td>
<td>85 298</td>
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(2) The information is not readily available, because the statistics are no longer kept separately for each race group.

227 Mr A SERBER asked the Minister of Manpower:
How many man-days were lost as a result of strikes in the Republic in 1986, 1987, 1988, 1989 and 1990, respectively?

The MINISTER OF MANPOWER
1986 = 1 308 958
1987 = 5 825 231
1988 = 914 388
1989 = 1 238 688
1990 = 2 973 921

Note
The figures for 1989 and 1990 are for the period 1 November until 31 October of the following year, while for 1986, 1987 and 1988 it is for the period 1 January until 31 December.
Deregulation is going to be an expensive business if government's revised privatisation budget is anything to go by.

For starters, government has set aside R2m — the largest item in its new budget — for a probe into how SA Airways should be restructured for deregulation.

As part of the study, Mineral & Energy Affairs and Public Enterprises Minister Dawie de Villiers instructed his department in May to hire a consultant to investigate the most efficient structure for SAA in a competitive air transport market.

Price Waterhouse was chosen and its work is now almost complete. Privatisation unit head Pieter van Huyssteen says "certain recommendations have been made and we are conducting further studies."

He adds that the point of the study is to determine what barriers exist that prevent other airlines from competing with SAA on domestic routes and how they should be removed.

"Most of the barriers have gone," says Comair MD Pieter van Hoven. "The biggest problem is how to attract private enterprise to what is essentially a loss-making enterprise. No one shows a profit (on domestic services)."

Trek Airways MD Jan Blake disagrees. "The marketing approach will determine which airlines survive as profit-makers." This, however, does not mean that SA will have an airline price war such as in the US after deregulation in 1978, he believes. "Local air fares are low compared with other parts of the world," he says (Business May 25).

Blake believes that SAA's monopoly on internal major routes is the biggest barrier facing prospective airline operators. "SAA must undertake to make services available to other airlines and allow access to their support facilities." These vital facilities include the central reservations and communications systems, cargo and baggage-handling facilities, and training programmes.

Independent airlines are eager to see the results of the SAA probe and whether the regulatory measures De Villiers said might be necessary will in fact be introduced. De Villiers could not be reached for comment on what regulatory measures he had in mind. Price Waterhouse declined to comment.

Van Huyssteen says he does not know when the minister will make findings in the report public: the entire report will not be released because it contains confidential information about SAA. "We normally play these things openly but in this case the recommendations are being considered internally," he says.

The final cost of the probe will, it is hoped, also be played openly.
SAA to fly to Ivory Coast

Staff Reporter

The South African Foreign Trade Organisation (Sato) has welcomed the re-introduction of South African Airways flights to the Ivory Coast this week following a year-long break in the service.

A Sato spokesman said the weekly flight from Jan Smuts Airport would have great advantages for businessmen in both countries.

He said the Ivory Coast was mainly a coffee producer and exporter but, like other former French African territories, it was receiving increasing aid from France, which could benefit local businessmen involved in the steel and building industries.

Businessmen in the Ivory Coast have also welcomed the re-introduced air link. Previously it took almost 24 hours to reach South Africa. The link will also benefit tourists from the Ivory Coast visiting Mauritius. During the past year the Indian Ocean island could be reached only by flying from Europe.
Berserk', slasher runs amok

BY DALE GRANGER

FIVE people were injured — one has a fractured skull — when they jumped from a moving train at peak hour yesterday to escape a "berserk" knife-wielding man who ran amok through the carriages.

Police said last night that the commuters, three women and two men, had jumped from the train as it approached Fish Hoek station about 5.30pm.

Mrs Camellia Daniels, 31, of Ocean View, was taken to False Bay Hospital with a fractured skull. She was in a satisfactory condition last night.

Man arrested

The other four passengers — Mr Maurice Greeff, Mr Ruste Richards, Ms Debbie Thomas and Mr Quinton Fisher (ages unknown), all of Ocean View — were discharged after treatment for arm and leg injuries and shock, a hospital spokesperson said.

Shortly after the incident, officers boarded the train and arrested a 31-year-old man, said police spokesman Major Jan Calitz.

Yesterday's was the latest in a spate of incidents on commuter trains in the past year:

- Last month, gangs of knife-wielding youths returning from a Green Point sports meeting terrorised Cape Flats' commuters, despite the fact that Spoornet had deployed armed guards on city trains to stem the tide of violence.

- Shortly after the deployment, the unit arrested a gang, who had assaulted and robbed a woman commuter.

- In January, a Kalk Bay businessman shot a mugger in the chest on a packed Simon's Town train, after five men had robbed him and pressed a firearm to his head.

- Also in January, a gang of five robbed commuters between Kuils River and Blackheath. Passengers were injured when they panicked and stampeded to escape the gang.
Aussies may soon lift SA flight ban

LINDEN BIRNS

Ministers, Commonwealth countries distant to SA will be allowed to drop airlink embargoes against SA if the SA government meets certain conditions. Commonwealth members close to SA were exempt from the organisation's air embargo. The conditions relate to the repeal of remaining apartheid and security laws, the granting of indemnity and release of political prisoners and the return of exiles.

"Australia is taking SA at its word on these reforms, but right now it's still premature to talk about proper negotiations. Obviously, when the conditions are met, which it appears they will be, then negotiations will move swiftly," McDonald said.

SAA spokesman Mike Phesifer yesterday denied any talks had taken place with Qantas representatives. Qantas's Harare manager Gary Warnock said he had also not been informed of any talks.

Qantas switched its flights from Johannesburg to Harare when Australia decided to sever airlinks with SA in the mid-1990s.

Warnock said the twice a week Harare-Perth-Sydney return flights had become one of the airline's most lucrative routes.

To Page 2

Flight ban

"If there were changes regarding SA, we'd still have to protect and look after the markets we serve through Harare," Warnock said.

Directorate of Civil Aviation (DCA) chief Japie Smit said airlines could initiate airlinks, with diplomats and politicians tying up the "official loose ends".

He said before airlinks between SA and Australia were resumed, a new bilateral air services agreement would have to be drawn up.

"When Australia announced it was cutting ties with SA, it also terminated the bilateral agreement between Qantas and SAA," said Smit.

SAA still held the SA-Australia route licence, but that would not prevent another SA airline applying for the same licence, although it would be met with stiff opposition from SAA which would legally be entitled to ask for government protection, he added.

McDonald said Canada, Australia, Guyana, Tanzania, Nigera, Zaire, Zambia and Zimbabwe had agreed to the February proposals drawn up in London.

Smit said the DCA had not been involved in talks with Canada or Japan regarding the establishment of airlinks with SA.

SAA flies to Hong Kong, while Cathay Pacific is due to begin flights between Johannesburg and Hong Kong in July.
Cops act on train crime

By DANIEL SIMON

POLICEMEN are to be stationed at many Peninsula railway stations in a bid to halt the violent crime on commuter trains.

And more policemen will be assigned to the Mobile Unit.

This follows the latest incident on Tuesday night in which three women and two men were injured after jumping from a train approaching Fish Hoek station to escape a crazed man brandishing a knife.

At present, there are only "a few dozen" Mobile Unit members who police many of the 690 daily train services which travel throughout the Peninsula over a 10-hour period.

The trains transport an estimated 500 000 commuters each weekday. Several incidents have occurred on packed trains where passengers have jumped from moving coaches because of gang fights or gang robberies.

As a result of ongoing incidents of violence, Mobile Unit chief Captain Lukas Jordaan said "requests" for more police manpower to be assigned to the unit were being addressed.

"There is a crime problem at the moment and we are short of manpower. But we are busy with a large-scale plan with Spoornet to solve this. The plan includes assigning more policemen to the unit and establishing a permanent police presence at many railway stations."

Captain Jordaan, however, said that one of the major problems facing unit members in fighting crime on trains was their access to other coaches while trains were moving.

"A policeman can be travelling on one carriage while a crime is being committed in the next one. We cannot do anything until the train stops at a station."

He said the problem resulted from Spoornet locking passage doors which linked one coach to another. This was done to prevent the theft of aluminium railing and other fixtures.

Captain Jordaan added that Spoornet had been asked to provide the unit with special keys so that police could move freely from one coach to another while trains were in motion.

Spoornet spokesman Ms Yvette Olwage said she acknowledged that police had a problem, but said man cave carriages did not have doors as these had also been stolen.

She said Spoornet had placed pieces of hardboard instead to protect commuters and prevent further vandalism.
D F Malan upgraded, but is it enough?

By DALE KNEEN
Weekend Argus Reporter
THEY called it "the worst airport in the world". Travellers sniggered when they passed through it. Businessmen avoided it, and well-wishers stood well back. But all that may change. Authorities from the Department of Transport this week tried to streamline domestic departures by reallocating terminals for these flights.

Far from perfect
This got a positive response from SAA and the Cape Town Chamber of Commerce but travel agents and passengers said the "white elephant" was far from perfect.

Passengers interviewed at the airport before the 11.15pm flight to Johannesburg this week complained about the drab interior of the airport and long queues and delays.

Others, like Miss Irene Schuurmans, said "although the airport is unlikely to be listed as the world's greatest" it was a lot better than many others overseas.

Cape Town resident Mr Chris Mitchell said "the only problem I have with the airport are the frustratingly long queues at the pay booths at the parking lot exit.

Miss Dalia Katz, who was flying to Johannesburg, said the "rather drab-looking" airport interior could be modernised.

She had used the new departing from Port Elizabeth, East London and Durban are now using Terminal B which was previously only used for Johannesburg-bound flights.

SAA's public relations officer Miss Janie van Vuuren said the move was necessitated by the congestion occurring at the check-in of high passenger volume flights to the Transvaal at certain peak times.

She said she was pleased the Department of Civil Aviation had allowed the move as it had resulted in more space and better conditions for the passengers.

However, the chairman of the Cape Town Chamber of Commerce's business manager Mr Albert Schuitmaker, said he hoped the new changes at the domestic halls would be an improvement.

He said the chamber had voiced interests in the facilities at D F Malan airport and that its transport committee would monitor the changes at the domestic departures hall.

Although a crisis at the domestic terminals appears to have been averted fears are mounting that increased domestic flights could come again to congestion.

A new airline called Trek is expected to begin operating at the end of the year which would mean more passengers in the domestic halls and SAA, Safair and Trek staff sharing check-in counters.

Deputy airport manager Mr Chris Vermeulen said he believed the facilities at the domestic departures hall were adequate even if there was an increase in flights.

He agreed that the international halls were under-utilised and that the Department of Public Works was upgrading the interiors of these.

Air travel in South Africa is expected to pick up tremendously in the next few years and Cape Town's estate agents are expected to fight for more direct flights to the city.

Air links with the United States and Australia Airlines are expected to be resumed and Hong Kong's Cathay Pacific has indicated they are interested in starting services to South Africa.

The airport authorities were confident D F Malan could cope with more international flights.

If there is a massive increase in international air traffic bigger and better facilities may be necessary, said SAA's Miss Van Vuuren.

Mr Vermeulen said the Department of Public Works was "looking into" improving the airconditioning at the international arrivals and departures hall.

Some elderlies and wheelchair-bound passengers recently fainted in the heat during a two-hour wait at the international arrivals lounge.

Mr Vermeulen said the interiors of the international halls were also being decorated with flowers and pot-plants.

Mr Schuitmaker responded by saying the chamber was pleased the authorities were taking some action to improve the facilities at the international halls.
SAA continues
Kenya flights

South African Airways will continue flying to Nairobi despite Kenyan President Daniel arap Moi's dismissal of all the Kenya Airline directors at the weekend.

A Kenyan press report said the dismissal followed mismanagement and the inability to turn the airline into a profit-making organisation.

Mr Moi said the airline had not made a profit because of its disastrous policy. He also denied speculation that Kenya Airways would introduce flights to South Africa soon. — Staff Reporter.
tion must excuse me if I do not remember all his questions, but I will try my best

Firstly, the period for which people have to wait before their tests do not fall within my department’s area of responsibility. If hon members know, most testing is carried out at local level.

THE LEADER OF THE OFFICIAL OPPOSITION
By the province

THE MINISTER At the end of the day, the province is involved. Natal the body involved might be the province. In the Transvaal, it is the local authority, for example the traffic department of Germiston or the city council of Johannesburg.

Regarding the second question, we are thinking of broadening this to accommodate more people, but at the moment some people say that we are settling with over a million—some say 300,000, some say a million—people who have licences but were never tested. They therefore must have acquired them fraudulently. We first have to clean up our system. As the hon Leader of the Official Opposition will know, we discussed the road traffic legislation about four weeks back, and the problem is specifically addressed.

As far as the use of schools concerned, schools do not fall under my department, so I am not in a position to answer that question.

THE LEADER OF THE OFFICIAL OPPOSITION
You must consider it

THE MINISTER I can pass it on to the hon Minister responsible. I think he is sitting in this Chamber, and we can ask him, specifically with regard to Indian schools [Interjections]. In the case of coloured schools or those of other race groups, there are the responsible hon Ministers who can be consulted, but I am not in a position to answer that question.

The LEADER OF THE OFFICIAL OPPOSITION
Mr Chairman, further arising out of the hon the Minister’s reply, and in connection with drivers’ licences, is he aware of the fact that there have been reports about the private selling of the issuing of drivers’ licences so as to enable driving schools to issue licences?

THE MINISTER Yes, Mr Chairman, many people have come forward with suggestions, but at the moment, until we have a foolproof licensing system, we are not prepared to go into detail.

The first thing we have to do is to get a foolproof system. At the moment we do not have one. That is why, if I may call it that, it between 300,000 and 1 million offenders.

If we look at what happened more than a week ago, when more than 200 people were killed over one weekend, I think we should first sort out the basic problems before we start issuing licences in any manner other than the one being used at present. Unfortunately this method is not foolproof at the moment.

Mr N SINGH Mr Chairman, I firstly want to thank the hon Leader of the Official Opposition for asking questions based on the discussions we have had previously. Arising out of the hon the Minister’s reply, we certainly have a crisis when one considers the number of unlicensed drivers on the roads as is evident from the figures that have been quoted. Could the hon the Minister advise us what progress has been made in computerising the records of all licensed drivers in South Africa?

The MINISTER Mr Chairman, yes, we have moved along very nicely on that issue. We have the information system ready in that we have the computers. Although we already have the hardware, the software is still being implemented. We hope that by the middle of next year we will have the system on record as to the possession of a licence, on computer. From then on we shall control them by stopping vehicles and asking the drivers to produce their licences.

Transport Advisory Council

Mr M F CASSIM asked the Minister of Transport about his letter to the House dated 9/4/91.

(1) Whether any consideration has been given to the appointment of persons of colour with the requisite expertise and knowledge to the Transport Advisory Council, if not, why not, if so, how many such persons were pre-considered and if appointed.

(2) Whether he will make a statement on the matter.

Mr M NARANIEE Mr Chairman, the hon the Minister has just assumed his new portfolio, but further arising from the question, may I ask him what the difference, if any, is between the council and the board?

The MINISTER Mr Chairman, I do not know what the difference is, but there is no board. There is only an advisory council. I do not know about a board.

Mr Y M MAKDA Mr Chairman, arising out of the answer of the hon the Minister earlier, can he confirm that in terms of the Act the Indian and Coloured members serving on the council at present were nominated by the national ad hoc committee of local government associations, and furthermore whether a certain Mr R Pandya, who was also nominated, was not accepted by the hon the Minister.

The MINISTER Mr Chairman, the answer to the first question is that Mr A K Asmal was appointed. I do not know about the second one, because 18 months ago I was not the Minister responsible for appointing these people.

Mr N SINGH Mr Chairman, further arising out of the hon the Minister’s reply, I believe there is a body called the Transport Advisory Board. I have also read reports which they have published. As far as I know,後 activity was undertaken during the past financial year, as their terms of reference from the Department of Transport have not been defined very clearly. Would the hon the Minister care to comment on that?

The MINISTER Mr Chairman, I would like to agree with the hon member for Umtata. The Transport Advisory Board did not function to its full potential during the first year, and I do not know the reasons for this. However, I plan to investigate the matter and I hope to find out why it did not function in the first place. Secondly, I am of the opinion that we need to look at the structure of the advisory council, on which people each have a seat. Is this number too high or not? Those are the questions that need to be answered.

I hope that by 3 June—when I vote is debated—we will be in a better position to discuss this. An hon member has stated that we need to look at the name; again Transport Advisory Council is the correct name. I do not think. Transport Advisory Board is correct. However, I shall look into that. As I have said, I hope that on 3 June we will be in a position to discuss this issue more thoroughly.
The board members. He finds little to criticise but warns that some chamber members are grumbling.

These members feel that Transnet must stick to its core business—transport. They fear that by forcing it to show profits without first being privatised, it is almost forced to compete for any work it can get. One example—Haywood has been asked which would stop the catering division, which has run at a huge loss, to try to reduce its losses by catering for weddings.

Alan Cowell, executive director of the SA Association of Freight Forwarders, says he is happy with the way Transnet middle managers are thinking less like bureaucrats, though he wishes this new attitude would trickle down to the lower echelons.

He realises that trade union demands keep Transnet from moving faster than it is. For instance, he says Transnet has become sympathetic to private-sector hauliers' requests that they be allowed to go into the City Deep terminal and bring out containers. But, though it allows this at Pretoria's terminal, Railnet's drivers' unions oppose it in Johannesburg on the grounds that it will cut unionised jobs.

"But it's Transnet's problem and it will have to sort it out quickly," he says. "And while we agree that Transnet is improving, we feel it isn't improving fast enough. With deregulation of road transport a fact, it will have to become more competitive if it is to achieve its privatisation ambitions."

Transnet MD Anton Moolman says the company did show a profit for its first year but he won't reveal figures until they're released officially, probably in June. He says it will continue to commercialise "until investors look on Transnet as an asset they will want to buy into because it will give them a suitable return on their equity." But he adds, "We're not there yet. There's lots to be done before we can go to the JSE, including rectifying deficits in the pension fund."

He won't estimate when Transnet will be privatised. Overall, Moolman says he is happy with the progress so far. "It would have been nice if we could have changed our identity when economic conditions were not as harsh as they were, but they were. The silver lining is that we showed we can operate profitably in a tough climate."

He says he likes being a company, as a company, Transnet must adhere to the discipline of the Companies Act and board members know precisely what is expected of them.

But he is not satisfied with the way all of Transnet's units are working. The stores department, for example, needs to get its act together, he says. It is entitled to levy a handling charge on items it acquires for other Transnet units but many such items are available for less from private-sector suppliers.

For Transnet's first three years, all ordering and maintenance must be done in-house. But Moolman warns that after that, non-performers will be history.

"If Transwerk's (the workshops) prices do not suit SpoorNet after the three years are up, SpoorNet will be entitled to go to the private sector for its maintenance. Transwerk must be efficient and not try to load its inefficiencies onto SpoorNet."

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**STAFF REPORT**

**FINANCIAL MAIL • APRIL 12 • 1991 • 63**
Taxpayer to foot bill for failed bank

By DON ROBERTSON

Group which controls CIB was acquired by Prima Bank Holdings in December. It instituted measures to rationalise CIB, including closure of the Johannesburg office and selling certain divisions. In January, however, certain areas of concern arose regarding the acquisition price and CIB's shares were suspended on the JSE.

"Asked why the SACC had committed such a large amount to a small bank, managing director Kobus Nel said that when the deposit was made nine months ago, CIB was not considered to be a small bank; but was recommended by the market and the Reserve Bank as an up-and-coming bank." Effect

"Since November, however, we have been in constant touch with Prima Bank and the Reserve Bank, but there was no indication it would fold."

Dr Nel is unable to estimate what effect the bank collapse will have on the SACC because new audits are being conducted. He says the SACC budget in the past financial year was R1.2 billion.

"The SACC believes it is strange that the bank should be liquidated with a shortfall of only R46 million. He also queries where all the assets are in that."

Dr Nel says Prima Bank had control of CIB before it was put in provisional liquidation. "We are taking legal action on that." Chances

Johan Bellinger, managing director of Prima Bank, believes the shortfall is much more than R46 million. "I know they (the SACC) are taking legal advice on Prima's position, but they can take as long as they like. They have two chances -- they can claim against a liquidated CIB or await the winding-up dividend."

Mr Bellinger says that when the bank was liquidated, SACC deposits with CIB represented 44% of its total book. He reckons whether this was a wise decision.

"CIB was not a going concern when we took it over, but only after due diligence did we discover the extent of the problem. "We took it over because we believed it still had between R10 million and R20 million left, but it has already wiped out R46 million."
Investigation ordered into Sarcc investment in CIB

By Derek Tomney

Minister of Transport Piet Welgemoed wants to know how and why the South African Rail Commuter Corporation (Sarcc) invested R49 million in the Cape Investment Bank (CIB), which went into provisional liquidation last week.

The Reserve Bank says that all depositors other than Sarcc will be repaid in full. But the Sarcc will receive only a liquidation dividend.

Mr. Welgemoed says that all depositors other than Sarcc will be repaid in full. But the Sarcc will receive only a liquidation dividend.

The investigation will cover the financial requirements arising from the corporation's budget and the associated conditions stipulated by the Minister of Finance.

It will also be ascertained whether the corporation had operated according to the guidelines and authorisations laid down by the Ministers concerned.

I have appointed two authorities to carry out the investigation and to report to me as soon as possible.

No further statements or comments will be made until the investigation has been finalised.

Analysts say the Sarcc stands to lose substantial sums by way of interest payments and a fair amount of its capital.

It will probably need to seek bridging finance elsewhere.

In announcing that CIB's other depositors would be repaid in full, Governor of the Reserve Bank, Dr. Chris Stals, criticised the practice of institutions of investing large sums of money in small banks.
JOHANNESBURG — SAA’s monopoly over the lucrative Hong Kong route will end on July 4 when Cathay Pacific Airways starts scheduled flights to the city with flights in Boeing 747-400s taking up to three hours less than SAA flights.

It will be the first time the Hong Kong-based airline will fly to Africa. Its distinctive green and white colours are usually seen in the Pacific and Europe.

Cathay Pacific is to launch a R1 million media campaign in SA during May.

The new flight will leave Hong Kong on Wednesday night and arrive in Johannesburg early on Thursday morning. Return flights will depart Johannesburg on Thursday afternoons and arrive in Hong Kong the following morning.

- Sapa reports that it has been reported yesterday that the Soviet airline, Aeroflot, may begin flights to South Africa.
- Mr Yuri Bagrov, an official of the Soviet Union’s tour office, Intourist, said, “It’s possible Aeroflot would actually fly to South Africa in the near future.” A group of Intourist officials are visiting South Africa.
when government was questioned on a R3.2bn forex loss by what was then SA Transport Services (Sats). "The CP will, as was the case with the foreign currency debacle, fully investigate the CIB investment. Thereafter we will call government and any appointed official — no matter who he is — to account for their actions," Prinsloo says.

Grové, who had been at the helm of Sats at the time of the debacle, was personally vindicated by a commission of inquiry into the forex losses. But the commission found it unacceptable that Sats' management, in the light of the size of the forex exposure and the risks attached to it, had not found it necessary to prescribe policy to deal with such risks.

Grové was not available for comment this week, and corporate MD Kobus Nel has been instructed by new Transport Minister Piet van der Walt to discuss the matter. The commission has ordered an investigation into the corporation's investment with CIB (see Economy).

A ministerial spokesman says Van der Walt is recuperating at home after a minor operation and will comment only once the investigation has been completed. At such time he will also comment on Grové's position if he feels it necessary.

During the February 22 debate last year, the DP finance spokesman Harry Schwarz (now SA ambassador in Washington) attacked government for its reaction. "With great respect, this is an example of speculation, inadequate control and inefficiency and parliament is supposed just to put its rubber stamp on R3bn of the taxpayers' money."

Schwarz also attacked former deputy Transport Minister Myburgh Stanchart for "his audacity to compare this to the private sector." Said Schwarz, "Who pays for the loss when a private company makes a loss through an error of judgment? The people in that company do."

Since that time Sats has been renamed Transnet, a commercialised company. Transnet is no longer responsible for many railway stations and suburban passenger trains, which are now run by the corporation under the chairmanship of Grové. Transnet still supplies train personnel and, because it cannot pay for itself, the corporation is heav-
unlikely that they could be realised in a market as tight as the JSE without depressing prices.

The Iscor shares cost R609m, more than their current value, so the IDC would be reluctant to sell, particularly as it has undertaken to market the bulk of the shares as a pro rata rights offer, implying a discount to market value. "At the price the IDC would, like," says Van der Merwe, "the offer might be one an Iscor shareholder could refuse."

The IDC also feels that its overhang has depressed the Sasol price, which at about R12 is thought by some analysts to be well below value. But this of course is circular — as long as the market thinks the IDC shares may be sold, the discount may continue.

A problem with such a large rights offer is that four or five institutions would have to take a large portion. The IDC hopes to find other solutions, which could arise when State pension funds enter the equity market.

Sappi and Sentrachem are relatively small parcels that could easily be placed. But these are seen as important "partnership" shares. Though the IDC controls Indswel and Natcel it has limited room to manoeuvre with these. The big unlisted holding is Foskor. Van der Merwe says any decision to sell would have to be taken by the State, as this would be in the nature of privatisation. The IDC feels that Foskor is not suitable for widows and orphans — it is a single product company, operating in difficult, cyclical markets (sounds just like a gold mine!)

Van der Merwe reckons it could fit well in diversified institutional portfolios. "You then enter the debate on the concentration of economic power, and other politically sensitive subjects, so it's a difficult decision."

The IDC has two large operating subsidiaries, Atlantis Diesel Engines and Sapeko. The former is not doing well, is being restructured and is not expected to be a candidate for sale of control for many years. The latter, an agricultural development arm, is not deemed suitable for a sale because, while it yields positive returns, there is no potential for adequate cash yields to private investors — though that surely depends on the price.

Borrowings and cash flow will remain the first source of finance for new projects. Van der Merwe says sales will, however, have to be made if only a small proportion of the projects now being considered get the green light — but there is no clarity on when this point will be reached.

One or more of Van der Merwe's objections, of course, could be applied to virtually any privatisation — or, indeed, most flotation. Any decent merchant bank could get around them in five minutes, some can be proved or disproved only by being put to the test. It should be more important to mobilise capital — in the process, making the JSE a more liquid market — than hold on to listed shares indefinitely, waiting for a "right" moment to sell — that may never come.

The whole performance smacks more of self-justification for refusing to dismantle an empire which the IDC really has no business to maintain than of economic logic.

Andrew McNulty
New name, new planes for airline

By DAVID YUTAR
Staff Reporter

SAFAIR is to change its name and spend R108 million on new aircraft in preparation for deregulation.

On January 1 the company became a 100 percent owned subsidiary of Trek Airways, a subsidiary of Safmarine.

The new name had yet to be announced, said general manager Mr. Glynn Nortje.

Extend network

Last month the airline's application to operate on several new routes was granted by the National Transport Commission, enabling the company to extend its domestic network.

The routes are between Cape Town and Johannesburg with stops at Upington, Kimberley and Bloemfontein; between Cape Town and Durban with stops at George, Port Elizabeth and East London, between Port Elizabeth and Bloemfontein and between Johannesburg and Durban.

Safair intends to spend about R108 million on three new prop-jet aircraft in the 50 to 60 seat range to replace its ageing Conairs 580s.

The aircraft will be selected from the 64-seat British Aerospace ATP, the 62-seat ATP 72, the 50-seat Fokker F50 and a 50-seat De Havilland Dash 8.

The models were being evaluated and a final selection would be made before the end of the month, Mr. Nortje said.

He predicted that the new aircraft would be in service before the end of the year.

In the meantime Safair has increased the frequency of its Cape Town to George flights.

"This gives the Cape Town and George business communities the option of four same-day returns a week," said Mr. Nortje.

Meanwhile, Air Malawi is the latest airline to buy new Boeing aircraft in an attempt to capture a greater share of the South African market.

Mr. Rex Lazard, a former South African, who was appointed general manager of the airline last month said the two 737-300s, which cost more than R200 million, will be used on the Johannesburg, Harare, Lusaka and Karaboh routes.

"Johannesburg is our most important route and with the new aircraft this will help us to bring operating costs down and increase our credibility."

Malawi route

He said one of the first objectives will be to provide a regular and efficient service to the Lake Malawi and extend the service. The company also intended replacing the aircraft used on the domestic route within the next six months.

Mr. Lazard said he would also be looking at several other package deals in co-operation with their pool partners SAA.

A spokesman for Boeing said during the past nine months Malawi with South African Airways, Zimbabwe, Mozambique, Egypt, Zambia, Ethiopia and Morocco have all purchased new aircraft in an attempt to upgrade their services.
Bid to halt violence on city trains

By DANIEL SIMON

IN a bid to halt the violent crime on commuter trains, 24 Peninsula railway stations will be upgraded and permanent facilities for police-provided at “problem platforms.”

The upgrading programme will see several new police stations, to be manned around the clock, on five Peninsula train routes. Other stations, which will be upgraded to improve commuter security, will be patrolled by police.

The programme is aimed at countering ongoing violence which has claimed many lives on trains in the past year. Passengers have also been left off moving coaches to escape gang fights or gang robberies.

The programme is part of the Rail Commuter Corporation’s five-year plan to upgrade and improve security at its 360 commuter stations around the country. RCC general manager Dr Koos Meyer said yesterday that at present, only a “few dozen” members of the Mobile Unit police many of the 640 trains travelling throughout the Peninsula over a 10-hour period, transporting an estimated 500,000 commuters every weekday.

Dr Meyer said that in the Peninsula the RCC had targeted 15 stations on the Khayelitsha line for urgent attention to deteriorating facilities and serious security problems. He said work had begun at some of the stations and facilities should be ready for police on July 1.

Dr Meyer said a second upgrading phase to be completed by September 1 would involve nine stations along the Mitchells Plain, Belville, Cape Flats and Strand routes.

He said this year’s programme did not extend to stations on the southern suburbs and Simon’s Town routes.

“We have concentrated on the Khayelitsha route first because those stations pose a serious problem. Because of the number of commuters using the service and the income derived we want to combine our efforts to improve safety and render a better service,” Dr Meyer said.

Clarence Mont MP Jan van Eck said that although he understood the priority given to the Khayelitsha and Mitchells Plain routes, he found it “totally unacceptable” that no provision had been made for the southern suburbs line.

Simon’s Town MP Janne Momberg said that although he was “disappointed” that the Simon’s Town route had not been catered for, priority had to be given to the Khayelitsha route because of the vast numbers of people using it and the high incidence of crime.
Foreigners want air link with SA

AIRLINES are keen to establish links with South Africa. Austrian Airlines and Cathay Pacific are to start flights to SA in May and July respectively.

Czech Airlines will resume a service in about September. Other countries showing an interest, albeit unofficially, are the Soviet Union, Aeroflot, Japanese Airlines and European and African carriers.

Revoked

Poland and Hungary have indicated a they seek an agreement. But Jape Smit, director of the Department of Civil Aviation, says South Africa is reviewing its policy. Many European countries wish to establish air links, but the potential market is too small to fly to each of them.

Air Seychelles, which has revoked Lufthansa's landing rights to land on the islands, will start operating the route in August. Until now Lufthansa flew the route for SAA.

America has no plans to resume air links with SA, says a US embassy spokesman. He says the Comprehensive Anti-Apartheid Act (CAA) of the US terminated landing rights for SA aircraft in the US, and barred our carriers from providing "air transport to SA."

Australia's Qantas stopped flights to SA before sanctions were imposed and cancelled SAA's landing rights a year later. It has not asked to resume these routes.

To establish links, an agreement is drawn up between governments, giving airlines the reciprocal right, but no obligation, to operate. Many have the right, but do not exercise it.

Among them are Madagascar, Hong Kong, China and Air Seychelles. SAA regularly flies to these countries, but they do not come here in spite of having the right.
Police probe the collapse of Cape bank

By DAVID CARTE

POLICE are investigating the collapse of Cape Investment Bank – the first bank put into liquidation in South Africa.

A police spokesman told the Sunday Times that the Attorney-General of the Cape had referred the liquidation to the commercial branch. He refused to divulge the names of persons or institutions who may be investigated.

Transport Minister Piet Welgemoed has ordered an inquiry into why SA Rail Commuter Corporation deposited R239-million in a bank with capital of only R40-million.

After the collapse of several companies to which it lent the funds, CIB could not repay SARCC when the deposits matured.

SARCC, which had loans to a number of its listed clients, Transvaal Distillers and Rice Brewers, was to stand in line with other creditors who want their money back. Depositors with less than R6-million in the bank will rank first.

Hundreds of shareholders and creditors stand to lose millions in the accumulation of CIB and two of its listed clients, Transvaal Distillers and Rice Brewers.

Litigation is expected between Picardi Investments. one-time controller of CIB, Prima Bank, which bought control just before the collapse, the former management of the bank and clients in liquidation.

Some parties are talking of suits against the Registrar of Banks and/or the Reserve Bank.

The R239-million exposure of SARCC is the second huge financial setback in six years for a department overseen by SARCC boss Dr EL "Bart" Grove.

In 1985, when Dr Grove was head of SA Transport Services, Sats lost more than R2-billion in foreign exchange transactions.

Former managing director of CIB, Andy Swartz, said he can explain several controversial aspects of the bank, from the SARCC deposit to its lendings.

"SARCC had quite a number of deposits, each with a different maturity date. It was a prudent book, spread over five months. Deposits which matured before I left on December 14 were all repaid on time," he said.

In independent validation, Rand Merchant Bank has marked down the value of CIB's lending book by R115-million.

Trouble

Said Mr Swartz: "I can only imagine they have valued the book on the assumption that the loans have to be recovered immediately, which is not the case."

In the past, in keeping with international practice, the Reserve Bank has ruled that banks in trouble, as Christo Wiese, deputy registrar of banks, said the governor ruled as he did in this case because he did not think the banking system was threatened.

Picardi Investments sold its 46 per cent holding in CIB to Prima Bank in December.

Picardi reportedly claimed this week that CIB shareholders are owed at least R12-million by Prima. Prima has not responded to the claim.
Lift state control of air fares, says report

THE elimination of government control of air fares will come under the spotlight as an international aviation conference in Cape Town tomorrow.

Proposals made by an international think tank for freeing global aviation policies are to be debated at the conference where SA’s international aviation agreement’s policy will be reviewed.

The recommendations were published in a recent report by UK-based Global Aviation Associates.

The report’s recommendations include abolition of pricing structures and prohibition of anti-competitive agreements, predatory practices by international airlines and the abuse by major airlines of their dominant positions domestically and internationally.

The report also calls for elimination of government subsidies to airlines. It says registered airlines operating within a country should be free to operate scheduled and charter operations to, from and within that country without flight-frequency restrictions.

Airports will still have to meet stringent safety standards before they are licensed.

One of the major contributors to the report is Global Aviation’s European MD Ray Colgate, who will address tomorrow’s conference on trends and developments in international aviation.

Colgate was one of the principal authors of Britain’s competition, licensing, pricing and charter operations policies.

Other contributors were drawn from major airlines, government bodies and international air transport organisations.

The report finds that industry protectionism has become irrelevant in the light of political changes which have promoted free enterprise.

Despite the setback experienced as a result of the Gulf war, commercial aviation is on the brink of a boom with passenger volumes set to double by the turn of the century.

More than 40 state-run airlines are moving towards privatisation and promising to place greater emphasis on consumer interests, local and regional development and tourism, the report says.

Bilateral agreements — the system used by most civil aviation directorates — granting scheduled international flight licences — encourage bureaucracy and are costly and limited in scope, the report finds.

“Provisions should be included to ensure fair, non-discriminatory practices in respect of commercial opportunity, sales and distribution outlets, computer reservation systems, fund transfer, taxation, charges, expatriate employment, customs duties, ground handling of aircraft and the like,” the report says.

The report also calls for all agreements to be published in full.
Control of air fares under scrutiny

Own Correspondent

JOHANNESBURG. — The elimination of government control of air fares will come under the spotlight at an international aviation conference in Cape Town tomorrow.

Proposals made by an international think-tank for freeing global aviation policies are to be debated at the conference where SA's international aviation agreements' policy will be reviewed.

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No more newspaper round on SAA's business class

FROM next week, SAA business class passengers will have to go out of their way to get a copy of their favourite newspaper.

The airline will stop supplying complementary copies of Business Day and other newspapers on domestic flights from May 1.

Business class travellers will instead have to collect their newspapers — which will still be on the house — from airport kiosks.

SAA spokesman Zelda Roux says the airline has found it difficult to assess how many copies of each newspaper are needed.

Weight restrictions preclude carrying a copy of each newspaper for every business class passenger.

"If all the passengers wanted copies of Business Day, for instance, there would not have been enough to go round."

Due to demand, some copies of Business Day have been carried on SAA's morning flights.

Now business class passengers will have to produce their gold cards or boarding passes to get a newspaper free of charge from a kiosk.

LINDEN BIRNS

SA newspapers will still be distributed on SAA's long-haul international flights.

Meanwhile, SAA has also announced plans to increase the size of business class cabins on its A300 Airbus fleet.

Spokesman Stephanie de Witt said the move was in reaction to a recent survey of SAA's Frequent Flyers.

"At present, 12.5% of cabin space is taken up by the business class section, but this will probably be increased to about 25%," she said.

The A300 Airbus fleet is used extensively on high-density flights between Johannesburg, Cape Town and Durban, and on some regional flights to southern Africa.

Engineers are currently studying several proposals for the project, which the airline hopes to complete before the end of the year.

De Witt was unable to say how much the changes would cost.
Fare changes wanted

By John Miller

SA Airways would call for the abolition of all pricing structures on international routes once sanctions were completely lifted and a normal market place returned. SAA chief executive Gert van der Veer said in Cape Town yesterday.

He told an international deregulation policy conference: "Fares should still be filed with the respective aviation authorities, but with each airline separately."

He said he thought the present pool agreements between SAA and all the other overseas airlines would be amended and some replaced with commercial agreements.

Mr van der Veer added that he expected fierce competition in the future and it was possible the airline might have to align itself with a foreign carrier to survive.
move towards negotiating "multilateral" agreements in line with global trends. Multilateral agreements are formed when airlines within a group of countries negotiate with each other on common routes and allow for an airline in one country to fly between two other points, not necessarily operating within or from its own country. This would allow the creation of a southern African multilateral agreement which would enable SAA to fly between destinations outside SA.

SA could face having to renegotiate its agreements with European airlines when the EC implemented its new aviation policy in 1993. This would happen only if SA's present policy which was anti-competitive and biased towards protecting SA was not changed.

SAA chief calls for deregulated airfares

CAPE TOWN — Government control over setting international air fares should be scrapped as soon as possible and other SA-based airlines should be allowed to compete with SAA on international routes, SAA CEO Gert van der Veer said yesterday.

Van der Veer, who was addressing a conference convened by the Department of Transport and the CSIR to review SA's international aviation policy, said airlines should determine their own fares, based on market demand.

Delegates to the conference agreed that SA's international aviation policy was conservative, protectionist and out of step with world trends.

Aviation authorities should be informed of each airline's fares, but these should only be disallowed when the two countries' governments disapproved.

Airlines with "interline" agreements should be given the option of setting fares in accordance with International Air Transport Association (IATA) regulations.

SAA has such agreements — where it acts as an agent for airlines not flying to SA — with American Airlines and the LOT airline of Poland.

"In practice this means the full deregulation of the fare structures, while an acceptable mechanism would be created to guard against predatory pricing," Van der Veer said.

He said existing bilateral agreements between SA and other countries should be maintained as this ensured that the SA government retained an equal say in negotiating air trade.

He said there should be an incremental...
If SAA allowed to overfly Africa . . .

Air fares to Europe could be cut by 10%*

By AUDREY D'ANGELO
Business Editor

AIR fares between SA and Europe could be cut by nearly 10% when SA Airways (SAA) is allowed to overfly other African countries, delegates to a conference at a Sea Point hotel heard yesterday.

Competition on the route will intensify as more airlines resume, or introduce, flights to SA and this could cause overcrowding at Jan Smuts airport — strengthening the case for giving gateway status to Cape Town and Durban airports.

These were among points made at a conference on the international aviation policy of SA organised by the Department of Transport and the Directorate of Civil Aviation and including delegates from Europe and other African countries.

Speaker, stressed that the international aviation market was becoming a global one. Mega-airlines were being formed, which were likely to have "hubs" on several continents instead of one home base, and smaller airlines would have to band together or accept the position of domestic "feeder" for the main international routes.

VP Prins, MD of Lextran and a director of Van Wyk & Louw Inc, explained: "Circumstances affecting SA international aviation policy are changing rapidly.

"Political changes within SA are leading to a rapid normalisation of relations with a variety of countries.

"The economic restructuring of SA is placing more emphasis on the efficient utilisation of resources, the benefits of competition and less protectionism."

Prins explained that the route between SA and Europe was one of the most profitable for airlines other than SAA. Fares charged by all airlines on this route were priced to allow for the fact that SAA had to fly round the bulge of Africa.

"The lifting of restrictions on SAA overflying other African countries could mean an annual saving of $85m a year for SA's national airline — and a drop of 9.2% in all fares to and from Europe.

But Prins warned that this would not happen automatically unless "the full benefit of competition is achieved on the route".

Among other points raised were the need for a regional Southern African strategy to deal with the increasing tendency of economic bloc formation, a competition policy which served the national interest of SA and the formulation of a policy on charters.
Better air service promised

All South African airline users could look forward to improved services, Public Administration Minister Dr Dawie de Villiers, said in Parliament yesterday.

Replying to the debate on his vote, he said the investigation into SAA's role and structure had been completed and Transnet had been instructed to:

- Take necessary steps to structure SAA as a fully self-sustaining business unit; separated from Transnet.

- Ensure that new entrants had access to infrastructure and facilities, which had advantaged SAA and its dominance in the market.
- Adjust SAA's internal structure to avoid cross-subsidisation between its international and domestic services.

He emphasised the importance of levelling the playing fields in a deregulated market. Activities which were historically taken care of by SAA, because there was no other alternative, would not necessarily be taken away from SAA. It was important that equal opportunities were provided these services -- servicing, central bookings and training -- should be ensured.

— Sapa.
When Nedtravel and Travelink joined forces this year to launch SA's first discount international air ticket agency - Just the Ticket - they invited the travel industry to a kick-off lunch to celebrate what they hoped would be the advent of a new era.

Nedtravel MD Gordon Young and Just the Ticket MD Bob Williams asked the airlines to sell them spare capacity at cost. They could then sell tickets to the public at a large discount. The timing seemed perfect. Faced with an unprecedented slump in air travel due to the Gulf War, it seemed the airlines could only benefit from giving travel-starved South Africans cheaper tickets through the services of a consolidator such as Just the Ticket. But the hosts were in for a shock: The airlines asked Just the Ticket personnel to leave the room, then debated the proposal behind closed doors and rejected it.

Nevertheless, Just the Ticket went ahead, offering the public discounts on overseas fares to about 40 destinations. SA Airways and British Airways announced their own discounts and the travel agents feared that the price-cutting could put them out of business.

Two months later, however, Just the Ticket has still not been able to convince the airlines to turn over their unsold tickets at bulk discount rates. Williams has said his shares and will leave the fledgling operation at the end of the month to run two other travel businesses. But he denies that Just the Ticket is in trouble. "Just the Ticket has exceeded expectations. We have met our budget for the past six weeks and the amount of phone calls we receive - some 750 a day - indicates that there is a big market for discount tickets."

New MD Kevin Rawnsley says the intention is still to establish a consolidation service for airlines to dispose of excess tickets. "At present, we operate on narrow profit margins. We pass on some of our 9% commission from the airlines to the customer, and we have special (consolidation) deals with a few airlines. But the true potential of a discount operation depends on the cooperation of a broad spectrum of airlines that allow us to sell at discount rates."

Just the Ticket is known to be buying in bulk from at least two of the smaller airlines, Alitalia and TAP, but the larger airlines - notably SAA and BA - reject the idea.

Malcolm Freeman, BA's SA manager, believes that there's no room for a consolidator in SA. He says that unlike the UK, US and Far East, where there are many airlines operating on many routes, there are only a few operating to and from SA. "The larger airlines all have sophisticated reservation systems that enable them to control the supply and demand of seats well in advance. This is better than causing chaos by dumping seats on the market at the last minute." He says BA would probably not sell tickets in bulk to anyone because this could endanger its extensive network of travel agents, who sell 93% of BA's tickets in SA.

Williams argues that on average 20% of the seats on flights to and from SA are empty and could be sold at greatly reduced rates. Last year this totalled some 100 000 empty seats. Furthermore, once SAA resumes flying to the US and carriers such as Cathay Pacific and Qantas begin arriving in SA, Rawnsley estimates that an extra 75 000 seats could become available.

Williams suggests a system, for example, in which the airlines call on the consolidator to help dispose of excess seats two weeks before the flights. "On domestic fares there are 16 levels of discounting used to fill the plane. Why can't this be the case on international flights?"

In Europe, consolidation has become almost too successful. Many consolidators, having become powerful, have been bought out by the airlines they dealt with. SAA spokesman Leon Els claims that SAA has nothing against discounting bulk-buying of air seats. "Special deals would be considered if they're viable. However, we can't be seen to favour anyone in particular and all specials would have to be offered to all agents."

Lufthansa spokesman Karin Lambson says any deal with Just the Ticket would have to be approved by the head office in Germany, she indicates that Lufthansa works closely with consolidators in London. But the head of another large airline, known traditionally as a discount airline, says many of the airlines are under tremendous pressure from travel agents not to offer Just the Ticket special deals. "Consolidators don't help the airline industry as a whole," says the official, who does not want to be named. "They have low costs and don't provide any services. In this way they undercut the travel agent who does offer service."

Rawnsley, however, argues that Just the Ticket cannot compete with travel agents precisely because it just supplies the ticket and nothing else. "In this sense we are a niche company, attracting the cost-conscious traveller who can fly at any time."

Of course, government restrictions remain the chief obstacle to airfare discounting. Taking off, with government's backing, SAA, as the national carrier, is able to dictate to other carriers that fly here. And it not only dictates the price of the tickets, but also the number of flights and even the number of seats.
divided into bull and bear tranches and its success will depend on a broad market with heterogeneous expectations.

"If everyone's bullish the issue will be a nonstarter," says Hendrik du Toit, of Investec, which is handling the issue. Ideally, investors would take equal amounts of each tranche but Transnet will settle for a 45-55 split. This kind of innovative instrument allows Transnet to borrow cheaply (at 14.75%, compared with prevailing two-year market rates of about 16%), with almost no risk.

This is essentially a repackaged version of Elfi II, launched last April, designed to be more popular and accessible. An elaborate marketing campaign will introduce Elfi III to local and European investors. Transnet is confident it will attract significant foreign attention. The local market will also be significantly broadened by making Elfi affordable to smaller investors.

Elfi is directly linked to the JSE All Share Index, giving exposure to blue-chip equities without transaction costs. The bull is positively coupled to the index, offering a coupon of 4.5% paid semi-annually, which is higher than the All Share dividend yield. In contrast, the bear tranche is negatively linked to the All Share index and provides an interest payment of 25%. This is significantly higher than prevailing money-market rates, though there is an open-ended capital risk.

Elfi has never been marketed abroad in any significant way. Simpson McKee's Marilyn Visser says the bear tranche looks particularly attractive, giving a return of over 30%, based on the most fair value price and

finrand discount. Elfi III will be a listed equity, traded on both screen and floor.

By reducing the initial minimum purchase from R1m to R100,000, and making trading possible in blocks as small as R10,000, Transnet hopes to attract smaller fund managers and individuals. Increased trade in All Share index futures is also expected as participants hedge positions.

Despite a lack of enthusiasm for Elfi I (issued in November 1986), Transnet's Eugene Kruger says the market has shown considerable interest in Elfi II, which still has about a year to maturity. Future Elfis will be issued annually with either a one- or two-year maturity, allowing investors to rollover positions any time before expiry and thereby take advantage of favourable market conditions.

The issue will comprise a public offer and private placing. The previous two Elfi issues raised R136bn. Though it has no specific target, Transnet expects to raise several hundred million rand from this one. The final price will be released nearer the issue date.
SAA to go it alone as a commercial airline

Political Staff

SOUTH AFRICAN AIRWAYS is to be restructured as an independent commercial venture, competing with other airlines for airport facilities.

The Minister of Public Enterprises and Economic Co-ordination, Dr Dawie de Villiers, said yesterday that he had told Transnet to begin restructuring SAA as a self-sustaining business. Transnet would also open its facilities to other airlines.

Replying to parliamentary debate on his department’s vote, Dr De Villiers suggested SAA’s international and domestic services would be separated to remove cross-subsidisation.

The decision to commercialise SAA is based on the findings of consultants appointed last year to investigate its role in a deregulated market.

The airline would be independent of Transnet and would present financial statements, Dr De Villiers said.

It would no longer receive preferential treatment. Airport infrastructure and facilities — including central reservations and training facilities — would be opened to other airlines.

“I believe the ... public can look forward to an improved service,” Dr De Villiers said.

At an aviation conference earlier this week, SAA’s chief executive, Mr Gert van der Veer, recommended the scrapping of government control of international air fares and said other SA-based airlines should be allowed to compete on international routes.

Before Dr De Villiers’s announcement in Parliament, Mr Tony Leon, DP, Houghton, slammed SAA’s price fixing and bilateral agreements. He said SAA fares had risen by 180% since 1988 as a result of the government’s “protectionist practices”.

“Perhaps an alternative would be for SAA to lease out its aircraft on the overseas route until such time as sanctions are over. At least this would enable our consumers to have affordable overseas travel,” he said.
New-look SAA to lose its monopoly status

CAPE TOWN — SAA would be restructured into an independent commercial venture and would have to compete with other airlines for state airport facilities, Public Enterprises and Economic Coordination Minister Dawie de Villiers said yesterday.

Replying to parliamentary debate on his department’s vote, De Villiers said he had instructed Transnet to start restructuring the national airline into a self-sustaining business unit and to open up its infrastructure and facilities to competitors.

He also suggested that SAA’s international and domestic services would be separated to remove cross-subsidisation. SAA would operate independently of Transnet and would present financial statements in accordance with normal accounting principles, De Villiers said.

Airport infrastructure and facilities, including apron, central reservations and training facilities, would be opened up to other airlines and SAA would receive no more preferential treatment, he said.

These services had been monopolised by SAA in the past because there had been no alternative, but last year’s decision to deregulate the domestic air transport market had made it necessary to create a more competitive environment, De Villiers said.

“I believe the flying public can look forward to an improved service once SAA has been restructured as a business unit and competes with new entrants to the market,” he said.

At an aviation conference earlier this week, SAA CEO Gert van der Veer recommended the scrapping of government control of international airfares and said other SA-based airlines should be allowed to compete with the national airline on international routes.
New SA-Seychelles air links

IMPORTANT links, in both travel and trade, between the Seychelles and SA will be cemented with new air links between the Indian Ocean Islands and Johannesburg beginning in August.

Already more than 10,000 South Africans spend their vacations there every year and it is planned to double this figure after Air Seychelles and later SA Airways establish air links.

Conrad Benoton, executive chairman of Air Seychelles, announced in Johannesburg yesterday that his airline would begin weekly flights every Saturday between Jan Smuts and Mahe on August 3.

The Boeing 767 aircraft would leave Seychelles at 9.15 am, arriving at Jan Smuts at noon, and depart from Jan Smuts at 1.45 pm, arriving at 8.30 pm local time (less than 4hr 30mins flying time) The route will continue to be served by LuxAir until July 29.

John Kirby, general manager, said tour operators and retail agents had been anxiously waiting for the completion of the negotiations He estimated that finally it would cost South Africans about R3 500 for a week’s holiday, depending on the packages and the season.

Mr Benoton said the Seychelles had a small population — only about 69,000 — and the islands could not afford to have a mass holiday influx There was a 4,000-bed occupancy on the islands and it was not intended to go very much above this, although two more hotels were planned for in the next two years
SAA urges black airline alliances

By ROGER MAKINGS

IF AIRLINES of the Southern African Development Co-ordinating Council want to survive liberalisation in international air traffic they will have to consider an alliance with SAA.

This was said by SAA chief executive officer Gert van der Veer at a Department of Transport conference in Cape Town this week.

Supporting his suggestion, a former head of Kenya Airways and the senior director of government and industrial affairs in the International Air Transport Association, Richard Nyaga, said it was up to SAA to provide the leadership and economic incentive for the 13-member SADCC countries to follow.

Mr Nyaga warned that SADCC airline managements were hamstrung by government interference and a reluctance to be seen to be openly doing business with SAA.

**Overheads**

Individual SADCC carriers should form alliances to fight the threat of the mega-carriers which had merged or pooled resources in a global strategy. They were in a strong position to provide a superior service at a lower cost than many others.

The World Bank has recommended that if SADCC airlines are to survive they should consider forming an alliance to eliminate the duplication of services and so reduce overheads.

The bank says none of the member airlines is profitable.

Mr Nyaga says: "SADCC realises the airlines must form alliances to survive. But while European, for East and US operators are working for co-operation, African airlines are vacillating and being hampered by bureaucracy as well as government interference in commercial decisions."

"It's all happening in Europe and elsewhere, but not in Africa. If the SADCC..."
COMPETITION WILL PUSH UP DOMESTIC FARES, SAYS SAA

THE deregulation of aviation will almost certainly lead to an increase in the price of SAA’s domestic fares.

Although deregulation will mean an improved domestic service, with more seats and departures available during peak periods, competition for passengers will result in lower load factors.

By ROGER MAKINGS

SAA boss Gert van der Veer said this week Trek Airways’ emergence as a domestic airline would lead to fewer passengers flying SAA, which would push up overheads and force the SAA to better utilise its equipment.

Because SAA’s loss-making domestic service will no longer be cross-subsidised by the profitable overseas operation, as announced this week by the Minister of Public Enterprises and Economic Co-ordination, Dr. Davie de Vilhers, it will be up to the domestic service to start making a profit.

Domestic fares on the state-owned airline have been kept artificially low for years – causing a loss in 1989 of R15-million.

Trek Airways’ managing director Jan Blanko believes that when his airline begins operations in September, it could capture between 20 and 25 percent of SAA’s domestic market.

Dr. De Vilhers said all ground support units owned by SAA would have to be equally shared among competing airlines.

This could mean the airline will have to buy more costly equipment in order to accommodate the other airlines, said SAA spokesman Mike Pheiffer.

SAA has ordered 11 new aircraft and will be hard-pressed to find the money without raising air fares.
Inflation flies with SAA

TONY LEON

BLONDAI, 30 January 1981

basis and be based on third and fourth freedom traffic demand

Yet, at the same conference at which Van der Veer spoke, it was indicated that bilateral agreements, the system which has rigorously and religiously been applied in SA, encouraged bureaucracy, higher costs and much higher airfares.

Furthermore, he says, this new policy departure indicated by SAA should only be applied "to a postsanctions environment, when SA can overfly Africa". However, it is interesting to note that Cyprus Airways, one of the world's most profitable airlines, does not own a single aircraft. It simply charges a fee to other airlines flying to the island. Perhaps an alternative would be for SAA to lease out its aircraft on the overseas routes until sanctions are lifted.

The fares cartel of SAA and other foreign carriers is, in essence, a government-controlled entity. Yet SAA and government frequently blame IATA for increasing airfares. What government does not tell us is that IATA stopped setting airfares back in 1979.

It is generally agreed that cut-rate charter operations to SA would be much cheaper. I am advised that it could lead to savings of up to 40% on regular overseas airfares. I am told it could discount the return fare to London down to £220. Yet government, acting on the advice of SAA, still shies away from breaking up international airline cartels operating from SA.

British Airways and other carriers would like to add many more flights a week to their SA route. This would increase capacity and could drive down prices. Yet they cannot do it because SAA has the right to block applications to the Department of Civil Aviation.

SA needs a market-driven carrier, not a state-controlled carrier without a market-oriented pricing regime.

This is an edited version of DP MP for Houghton Loon's speech in Parliament during the debate on the Public Enterprise budget.
No third class on Trans-Natal

The Trans-Natal train between Johannesburg and Durban will convey first- and second-class passengers only as from May 1. Third-class passengers will now be able to travel in a separate train.

The new move will not only allow the Trans-Natal to operate more economically, but will cut travelling time by 30 minutes as the train will stop at major stations only.

A further amendment to the Trans-Natal service is the addition of a luxury lounge coach for the exclusive use of first-class passengers.

According to Mr Herman Bruwer, business manager for the Trans-Natal, the difference in fare between a first- and second-class ticket is so insignificant that Spoornet decided to afford added value to first-class passengers.

Meanwhile, the third-class train (economic class) will also have a catering car for refreshments. - Sowetan Correspondent
The MINISTER OF LAW AND ORDER

(1) A further intensive investigation into the circumstances and reasons for the arrest of the hon member in Khayelitsha on 2 November 1990 has revealed that the information regarding this arrest, and with which the Western Cape Regional Commissioner based his personal opinion that the hon member was arrested because he was found "where he was busy addressing a growing crowd of 100 people", was based on the personal and subjective opinion of the officer in charge of the situation and ostensibly gave rise to a misinterpretation of the circumstances.

If the answer to Question 7 on 12 February 1991 left the impression that the hon member was involved or responsible for the stone throwing which occurred on 22 October 1990 in the inner residential areas, Old Cross Roads and Khayelitsha, it is not correct.

(2) Regulation 2(3) of the Unrest Regulations of 1 November 1990, of which the applicable section is quoted here, is as follows:

"If a member of a security force is of the opinion that it is necessary for the combating or prevention of public disturbance, disorder or public violence, he may summarily order a person present in an unrest area, and who is not normally resident therein, to leave that unrest area immediately, and if that person fails to leave that unrest area immediately, that member may arrest the person concerned or cause him to be arrested and may remove him from that unrest area or cause him to be so removed."

On 2 November 1990 the hon member was found in Khayelitsha in the presence of a group of people who were visiting the area. The hon member was, in the opinion of the officer concerned, the central point and principal figure in the group. The officer was of the opinion that the circumstances were such that it was necessary for the prevention of public disturbance, disorder or public violence to order the hon member to immediately leave the area. The hon member ignored the order, whereupon he was arrested and removed from the area.

In this regard I would like to point out that the decision was left entirely to the judgement of the officer in charge of the situation. He alone, having regard to the circumstances present, was in a position to make a decision at that given moment.

(3) Yes, the presence of members of the ANC or of the Khayelitsha Civic Association could also have contributed to public disturbance, disorder or public violence. As has already been said, the officer involved was of the opinion that the hon member was the central figure at scene. In fact, ten other people were also ordered to leave the area in terms of regulation 2(3). As they obeyed the order, no further action against them was necessary.

(4) On 6 December 1990 the case docket in respect of the arrest of the hon member was submitted to the Attorney-General who declined to institute any prosecution.

Summer daylight saving

9 Mr D J DALLING asked the Minister of Manpower:
(a) What is the Government's policy in regard to the introduction of a programme of summer daylight saving and (b) what are the reasons for this policy?[B795E]

The MINISTER OF MANPOWER

(a) and (b) The Department of Manpower is not directly involved in the matter of summer daylight saving as the legislation administered by this Department, for example, prescribes only maximum working hours per day or per week and not the time of commencement of such working hours.

The other Departments directly or indirectly involved are inter alia:
- Department of Law and Order
- Department of Marine and Energy Affairs
- Department of National Health and Population Development

Westonaria magistrate's office: repairs

* Mr P J PAULUS asked the Minister of Public Works and Land Affairs:

(1) Whether any repairs to renovations of and/or additions to the magistrate's office at Westonaria are envisaged, if not, why not, if so,
(2) Whether this work will commence this year, if not, (a) why not and (b) when is it anticipated that it will commence, if so, when is it anticipated that the work will be completed?[B800E]

The Minister for Public Works and Land Affairs

(1) Yes. It involves renovations, the conversion of existing accommodation as well as additions.
(2) Yes.
(a) Falls away,
(b) anticipated towards the end of 1991, with commencement during the second half of 1992.

Occupational safety/health: investigation

* Mr P J PAULUS asked the Minister of Manpower:

(1) Whether an interdepartmental committee has been appointed to investigate the rationalisation of occupational safety and health.

The Minister of Manpower

(1) Whether this investigation has been completed if not, (a) why not and (b) when is it anticipated that the investigation will be completed, if so,[B803E]

(2) Whether it is the intention to introduce legislation in this regard, if not, why not, if so, when?[B803E]

The Minister of Manpower

(1) Yes. An interdepartmental task group under the chairmanship of the Director-General of Manpower has been appointed to investigate the matter.

No.

(a) The investigation has not been completed because of the complex nature of the investigation as well as the fact that several departments are involved in the investigation.

(b) As a result of the reason mentioned under (a) above, it is not at present possible to furnish an expected date of conclusion.

(3) It is at present not possible to say whether legislation would be necessary should rationalisation take place.

MD of Transnet: Goodwill Fund

* Mr J CHOLE asked the Minister for Economic Co-ordination and Public Enterprises:

(1) For what purpose is the Goodwill Fund or Goodwill Account of the Managing Director of Transnet usually used, and (b) what was the balance in this fund or account as at the latest specified date for which figures are available.

(2) Whether any donation was made out of this fund or account to any political party during the period 1 August up to and including 31 December 1990, if so, (a) to which political party, (b) why and (c) what was the amount of the donation?

The Minister for Economic Co-ordination and Public Enterprises

The Managing Director of Transnet Limited replied as follows to the hon member's question.
The MINISTER OF LAW AND ORDER

(1) Yes

(a) Gerja Singh

(b) (i) The person received indemnity in accordance with section 1 of the Indemnity Act, 1990 (Act 35 of 1990) under a false name, and did not disclose his true particulars in his application for indemnity. He used the same false name in a passport to enter the RSA. He was arrested when he applied under his real name for a RSA passport. He was detained under section 29 of the Internal Security Act, 1982 (Act 74 of 1982) because he had received military training overseas.

(16 January 1991)

(2) Yes, the person was released after the court found that, regardless of the fact that he had furnished a false name and particulars in his application for indemnity, the indemnity was applicable to him. An appeal has been lodged against the court’s verdict and is still pending.

Mr D J DALLING Mr Speaker, I did not wish to interrupt the questions, but I would like to return to my point of order, if I may address you on it. The following words “kloppen-instruktør” were used. In the context of a debate on unrest, this is alleging that an hon member is guilty of being an instructor in stone-throwing.
TUESDAY, 30 APRIL 1991

which is public violence and a criminal offence [Interjections] That is exactly what the hon Member for Vryheid meant [Interjections] I submit that it is not correct that you allow people in this House to call other hon members by those names, and I would ask you to please reconsider that ruling.

Mr SPEAKER Order! I appreciate the fact that the hon member did not interrupt proceedings, but I have already given my ruling and I stand by it.

Dr D J WORRALL Mr Speaker, on a further point of order. May I suggest, in the light of the motivation which the hon Chief Whip of the DP has given, that serious consideration is required as to whether that is in fact parliamentary usage. It was, in fact, put in a certain context. The expression was used in a situation in which public violence was alleged to have taken place. The implication in the allegation, read coldly, is certainly that this hon member was engaging in public violence, and it is our submission that this certainly warrants consideration with respect to its parliamentary acceptability.

Mr SPEAKER Order! I have already given my ruling, but hon members are quite entitled to have their own interpretations, deductions and feelings regarding a matter. It is the duty of the Chair to judge, as in the light of circumstances in the House and in a debate, whether what is being said is parliamentary or not, and whether or not it justifies a point of order. In the light of what has been said by the hon member and as it stands, I stand by it. With that, the matter has now been dealt with.

Business interrupted in accordance with Rule 183C (3) of the Standing Rules of Parliament

Certified person offences

Mr P C CRONJE asked the Minister of Law and Order

(1) Whether the South African Police are investigating any offences alleged to have been committed by a certain person, whose name has been furnished to the Police for the purpose of the Minister's reply, if so, (a) what charges have been brought against this person and (b) what are the circumstances surrounding each of these offences.

The MINISTER OF JUSTICE

(1) and (2) A bill to amend the Internal Security Act, No 74 of 1982, will be introduced by me within the next few days. The hon member is further referred to my reply to Question 19 on 23 April 1991 in this House.

SA Rail Commuter Corporation: investment

Mr K M ANDREW asked the Minister of Transport

(1) Whether the South African Rail Commuter Corporation invested money with a certain bank, the name of which has been furnished to the Minister's Department for the purpose of his reply, if so, (a) how much, (b) on what terms, (c) who made the decision to make the investment and (d) what is the name of the bank in question.

(2) Whether this investment was made in accordance with prescribed procedures, if not, why not?

The MINISTER OF TRANSPORT

(1) Yes

(a) The amount is unknown at this stage as the Office of the Auditor-General is conducting an investigation into the matter.

(b) and (c) This also forms part of the above-mentioned investigation.

(d) Cape Investment Bank Limited

(2) I am not in a position to comment on this question before the findings of the Auditor-General as well as the findings of the investigation which I requested have been finalised and considered.

SA Rail Commuter Corporation: subsidies

Mr K M ANDREW asked the Minister of Transport

(1) (a) What total amount in subsidies was paid by the State to the South African Rail Commuter Corporation in the 1990-91 financial year and (b) (i) with which financial institutions did the Corporation make investments and (ii) how much was invested in total,

(2) Whether any persons or organisations received any fees, commissions or other payments as a result of these investments, if so, what are the relevant details?

The MINISTER OF TRANSPORT

(1) (a) R150 million

(b) (i) The SA Rail Commuter Corporation Ltd (SARCC) has indicated that investments have been made at the following institutions—

Capitel Market

Allied Bank Limited

Alfred Building Society Limited

Alpha Bank Limited

Bankorp (Treasury) Limited

Boland Bank Limited

The Board of Executors Merchant Bank Limited

Cape Investment Bank Limited

Fedcity Bank Limited

International Bank of Johanesburg Limited

Investec Bank Limited

Investec Merchant Bank Limited

Mercantile Bank Limited

Nefin Bank Limited

Prima Bank Limited

Rand Merchant Bank Limited

Saambou Bank Limited

Saambou National Building Society Limited

SA Perm Bank Limited

United Building Society Limited

Unibank Limited

Volkssas Bank Limited

Money Market

Allied Bank Limited

Allied Building Society Limited

Anderson Wilson and Partners Incorporated

Bankorp (Treasury) Limited

Boland Bank Limited

Disconto House of SA Limited

First National Bank of Southern Africa Limited

First National Corporate Bank Limited

George Huysamen and Partners Incorporated

Interbank Disconto House Limited

National Disconto House Bank Limited

Prima Bank Limited

Houses of Assembly
Mr R M BURROWS asked the Minister of Education and Training whether his Department has a policy dealing specifically with the allocation of staff to schools for the education of physically disabled children, if not, he will state, if so, (a) what is the policy and (b) what number of additional teachers is required before an additional teacher is appointed.

Mr R M BURROWS asked the Minister of Education and Training whether teachers in special education receive remuneration on the same scale as that applying to teachers in ordinary schools and whether an allowance equal to one notch on the relevant scale is paid.

The Office of the Auditor-General is at present conducting an investigation into the investments made by the SARCC and I am therefore not prepared to comment about the matter at this stage.

The Minister of Education and Training asked whether the appointment of a co-ordinating officer in Natal is an internal departmental matter and if not, why not.

Mr P C CRONJE asked the Minister of Law and Order whether a senior police officer has been appointed to investigate complaints of alleged police bias in Natal, if so, (a) what is the rank and name of the officer so appointed and (b) on what date was the appointment made, (c) what are the circumstances surrounding the matter and (d) what progress has been made in the investigation.

The Minister of Law and Order said that the report on the findings of the investigation will be published, if not, why not, if so, when?

Mr R M BURROWS asked the Minister of National Education whether his Department undertakes the gathering of national data for planning purposes, if so, (a) how many children are included in the basic data of children data gathered, (b) is it available for sub-regional planning purposes, and (c) does the Department have a policy for the separation of special education in the specific geographic areas?

The Minister of National Education said that the Department has a policy for the separation of special education in the specific geographic areas.

Mr L FUCHS asked the Minister of Law and Order whether his Department has made a calculation of the number of children who will be eligible to attend schools in the event of compulsory education covering the first 7 school levels or the ages 6 to 13, if not, why not, if so, (a) what is the relevant figure and (b) how many pupils falling into the categories referred to above are at school at present?

The Minister of National Education said that the Department has made a calculation of the number of children who will be eligible to attend schools in the event of compulsory education covering the first 7 school levels or the ages 6 to 13, but the figures were not available at the time of the question.

The Minister of Education and Training said that the Department supplies the National Education with information pertaining to all the schools and school sectors for the previous financial year as set out in the SANEP information system.

The information is used within the education sector for financing purposes, as well as for planning purposes from time to time. Although the information is available according to population group, it is not used on a racial basis within the education sector. The information has an occurrence being used for planning purposes by institutions outside education.

No, it is not possible, by using the SANEP information system, to calculate what the number of children attending school would be if compulsory education was implemented for the first 7 school levels, or for the age group 6 to 13 years.

Estimates show that in 1988 there were approximately 6 590 000 children in the first 7 school levels in the RSA had compulsory education been in effect.

In 1988 there were 5 084 926 children in Grades 1 to 3 in the RSA.

Mr R M BURROWS asked the Minister of National Education whether in the first 7 school levels in the RSA, charges have been laid and/or action has been taken against any persons following an explosion and threats of right-wing violence at planned anti-apartheid marches on 6 April 1991, if not, why not, if so, (a) what was the nature of these complaints and charges, (b) against whom were they laid and (c) what action has been taken against the persons concerned.
The DEPUTY MINISTER OF LAW AND ORDER I think the hon the Leader of the Official Opposition can put these questions in writing and we can answer them at the soonest possible opportunity.

Separate police districts

*4 Mr K CHETTY asked the Minister of Law and Order.

(1) Whether he intends creating separate police districts for Indians, Coloureds and Blacks, if not, why not, if so, when,
(2) whether he will make a statement on the matter?

The DEPUTY MINISTER OF LAW AND ORDER

(1) and (2)

An investigation is at present being carried out into the institution of additional Police districts and an announcement in this regard will be made shortly.

The LEADER OF THE OFFICIAL OPPOSITION Mr Chairman, arising from the answers given, is not the question of the establishment of separate Indian, Coloured and Black districts outdated in the light of the reform programme of the Government of the day?

The DEPUTY MINISTER OF LAW AND ORDER Mr Chairman, that question will be addressed in the announcement to be made shortly.

New questions

Overvaal resorts: racial incidents

*3 Mr A S KAHN asked the Minister of Planning, Provincial Affairs and National Housing.

(1) Whether any racial incidents occurred at Overvaal resorts subsequent to the repeal of the Reservation of Separate Amenities Act, No 49 of 1953, if so, what are the details in this regard,
(2) whether he intends transferring the control of these resorts to the Transvaal Provincial Administration, if not, why not, if so, when,

HOUSE OF DELEGATES

The DEPUTY MINISTER OF NATIONAL EDUCATION Mr Chairman, I really cannot see how this follow-up question relates to the main question.

The LEADER OF THE OFFICIAL OPPOSITION It is a factor.

The DEPUTY MINISTER It is history.

ANC: prisoners held in foreign countries

*3 Mr M F CASSIM asked the Minister of Constitutional Development.

(1) Whether the Government has entered into negotiations with the ANC regarding the release of prisoners being held in foreign countries, if not, why not, if so,
(2) whether, during the course of such negotiations, the Government requested the ANC to assist in bringing about the release of prisoners in detention camps such as Mbarara in Uganda, if not, why not, if so, what has been the response to this request,
(3) whether he will make a statement on the matter?

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING

As Overvaal Resorts fall under the jurisdiction of the Minister of the Budget and of Welfare, Housing and Works, Administration House of Assembly, I therefore cannot reply to the question.

New National sports policy

*2 Mr A S KAHN asked the Minister of National Education.

(1) Whether, in view of the possibility of South African sportsmen being re-admitted to international sport, a new sports policy is being envisaged by the Government, if not, why not, if so, what are the relevant details,
(2) whether he will make a statement on the matter?

The DEPUTY MINISTER OF NATIONAL EDUCATION

(1) No The Government's standpoint remains that South African sport is autonomous. Autonomy in sport implies that the various types of sport themselves arrange participation in international sport, either individually or in association. The Government also wishes to confirm its point of view that free international participation in sport should not be constrained by the pursuit of political objectives and that positive steps should be taken to overcome such impediments. It is therefore not necessary to make any policy adjustments.

(2) No

Mr Y M MAKDA Mr Chairman, arising out of the answer furnished by the hon the Deputy Minister, would he agree that it was because of Government policy that many of our sportsmen actually lost out in the international field?

The DEPUTY MINISTER OF NATIONAL EDUCATION

(3) whether he intends appointing persons of colour to the board of the Overvaal resorts, if not, why not, if so, when,
(4) whether he will make a statement on the matter?

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING

As Overvaal Resorts fall under the jurisdiction of the Minister of the Budget and of Welfare, Housing and Works, Administration House of Assembly, I therefore cannot reply to the question.

The DEPUTY MINISTER It is history.

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

The MINISTER OF CONSTITUTIONAL DEVELOPMENT

(1), (2) and (3)

The Government and government agencies are continuously taking steps to procure the release of South Africans finding themselves in detention in foreign countries. In the process contact is often made with a variety of organisations and foreign governments. The success of such efforts is almost always dependent on confidentiality. The particulars asked therefore cannot be provided. From this cannot be deduced that contact was at any time made, or not made, with any particular organisation in this regard.

Transnet: sport sponsorship policy

*4 Mr N SINGH asked the Minister for Economic Co-ordination and Public Enterprises.

(1) Whether is it the policy of Transnet to provide sponsorship for sport, if so, what (a) criteria are applied and (b) procedure is followed in this regard.
(2) whether Spoornet has announced that it intends sponsoring rugby, if so, for what reasons?

The MINISTER OF TRANSPORT (for the Minister for Economic Co-ordination and Public Enterprises)

The Managing Director of Transnet Limited furnished the following reply to the hon member's question.

(1) Yes

(a) The same as for Corporate Advertising e. g. the cost of the sponsorship is compared to the publicity value which will result from the exposure obtained.

(b) Normal budget and expenditure control procedures.

(2) Yes, for the publicity value that Spoornet would obtain from the exposure.

The LEADER OF THE OFFICIAL OPPOSITION Mr Chairman, arising out of the hon the Minister's reply, would it not be a better policy if sponsorship was provided for those kinds of sports that need upliftment through sponsorship and not those kinds of sports that enjoy significant public patronage?

The MINISTER OF TRANSPORT Mr Chairman, I am of the opinion that each and every sports organisation can apply for sponsorship from the independent board of directors of Transnet. They will determine where they can get the best value for their money, and then they will sponsor that specific sport's council.

RSA: size of bureaucracy

*5 Mr M F CASSIM asked the Minister of State Expenditure and for Regional Development.

(1) Whether a scientific assessment of the size of the bureaucracy in the Republic of South Africa has been undertaken recently, if so, (a) by whom, (b) when and (c) what were the findings, if not, (2) whether he intends having such an assessment undertaken, if not, why not, if so, what are the relevant details?

The MINISTER OF STATE EXPENDITURE AND FOR REGIONAL DEVELOPMENT

(1) Yes, if the hon member means by bureaucracy, the Public Service and the Public Sector.
S Africa needs a new plan on public transport

Tens of thousands of commuters have been left bewildered by Putco plans to sell its network of bus services or close them down if no takeover offer arrives in the next few months.

The departure of the dominant red circle economics has hit the company hard.

The sale of 2,000 single-deck buses, the second biggest bus operation in South Africa, has had almost no effect on commuters.

However, commuters feel they are being left stranded with given announcements by Transport Minister Pieter Woulde that the issue was being given greater priority at government level and all announcements were under investigation.

Hearden

Commuters were also heard that the SA Black Taxi Association, aware that a number of Putco colleagues were not willing to handle all road services alone, revealed that it was considering a bid to take over the Putco services through a joint venture on a number of conditions that were not yet finalised.

Meanwhile, Putco managing director Jack Volti says that the withdrawal of the company will go ahead as soon as possible.

"We are trying to run a bus service without a clear-cut gap in the Government's future transport policy," he says. "We are facing a situation where we are selling out or closing down."
BRINGING SAA DOWN TO EARTH

SA Airways' iron grip on the local aviation market has been loosened a little. Government has ordered a restructuring of the airline and an easing of its virtual monopoly on airport infrastructure and facilities. The authorities are also expected to consider a far-reaching liberalisation of aviation policy on international routes.

The moves could result in easier access to domestic routes for new competitors and better service and lower fares internationally.

In an announcement in parliament last week, Public Enterprises Minister Dawie de Villiers said government had agreed on a package to promote competition in the airline industry in the wake of last year's deregulation of domestic aviation.

The three-point package, following a study by State-appointed consultants, meant Transnet would have to:
- Turn SAA into a "fully self-sustaining business unit". It will not be subsidised nor enjoy any advantages through its relationship with Transnet. In effect, the airline will have to operate in normal competition with other airlines on domestic routes. SAA is now one of five Transnet divisions;
- Ensure equal access for new competitors to the infrastructure and facilities that the consultants identified as advantageous to SAA. These include airport and maintenance facilities, airport apron services, training facilities and the reservations network; and
- Restructure SAA to ensure that the domestic service is not subsidised by the international service.

De Villiers said the importance of "level playing fields" cannot be over-emphasised. However, removing SAA's monopoly on facilities and functions does not necessarily mean they will be taken away from the airline.

"What is more important is that equal access to the facilities be assured," he said.

The failure to loosen the tight control of government facilities, such as airport gates, by established airlines turned out to be one of the only kinks when the US deregulated its air travel in 1978.

What this all means for SAA remains unclear. SAA spokesman Leon Els says the airline will not be able to discuss the issues raised by De Villiers for at least three weeks until after it has studied the matter further.

Comair CEO Piet van Hoven says he is just as much in the dark as anyone. If SAA is truly financially independent of Transnet, and if there is no cross-subsidisation of domestic and international services, he believes that two new companies, one for domestic and one for international service, must be established.

But SAA's domestic service is believed still to be unprofitable and would probably have to increase fares substantially if it were spun off from the rest of the airline. Van Hoven does not believe that rationalising service further will pull it out of the red.

The prohibition against either Transnet or SAA's international operation subsidising the airline's domestic service will certainly boost the interest of potential entrants to the domestic market. And having a single reservation system will reduce costs.

Safrmarine group executive manager Piet van Aswegen says the status of airports and related facilities, and whether or not they are privatised, is now not as important as giving them their own management and profit responsibilities.

Meanwhile, international air travel may be following the same deregulation route sooner than many believed. SAA CE Gert van der Veer told an international aviation conference in Sea Point last week that the airline would support the deregulation of significant aspects of international aviation as soon as sanctions against it were lifted.

His support was qualified in many instances but, in a country where international airfares are up to 50% higher than they should be, his statements are welcome.

"Contrary to the domestic scene, there is an abundance, even an over-abundance, of sizeable competitive players. In fact, SAA now has only a 41% share of the total SA international aviation market." He pointed out that SA was now served by 23 foreign carriers and at least six additional carriers had indicated that they would enter the market this year.

Nevertheless, he said SAA agreed with government and its customers that there should be a more competitive and less regulated market — but until now the airline's international service has been severely handicapped by sanctions.

Van der Veer said he expected the airline to do well after sanctions go. But until then, he believed it would be "very naive" to change the present international policy.

But when sanctions go, the current policy should be reviewed in three key areas — the entry of competitors to the market, the frequency of service, and fares.

Van der Veer said SAA believed:
- The current pricing policy should be abolished. Airlines should determine their own fares and structures in relation to market forces.
- Fares would still be filled with national aviation authorities by each airline serving a market, but could be disallowed only if the governments of both countries insisted that the fares applied agreed.
- "In practice, this means roll deregulation of fares with an acceptable mechanism being created to guard against predatory pricing," he said;
- There would be more flexibility on seat capacity and service frequency, which are now determined through bilateral agreements based on a 50:50 pooling of the traffic.

Any deviation requires the agreement of both carriers.

"This state of affairs is not acceptable. A gradual relaxation of the 50:50 principle allowing for a more competitive situation on individual routes can now be considered. There should be a more flexible arrangement in that the airlines on the route should be free to increase capacity by up to 50% more than the competing carrier without reference to the authorities."

However, Van der Veer stressed that relaxing the capacity policy should depend on genuine demand for the service concerned. In other words, he doesn't want airlines to increase capacity just to capture more market share; and
- SAA's exclusivity as the sole designated carrier on international services should be reviewed. "It is suggested that other SA carriers could now also be designated to serve new international routes."

But this doesn't mean SAA favours breaking up the cartel. He says that because of the small size of SA's international market, des-
ignoring additional carriers on individual routes is considered by SAA as "impractical and counterproductive."

The airline believes that the current policy of only one designated carrier per country should continue.
So, with the economy slumping, it is not surprising that some private companies are feeling the heat.

At the request of some of its members, Sefisa has complained to government's Privatisation Unit about Transnet's using state-owned assets to compete with them.

The organisation's chief economist, Michael McDonald, says: "The members have no objection to Transnet using commercialisation to lift itself up to private sector standards (Business April 12) but they do object to it using publicly owned assets paid for by taxpayers to compete with them."

"Transnet has not changed ownership. It still has only one shareholder - government. If it uses public-sector assets to knock private-sector enterprises out of business, it's another path to nationalisation."

Transnet spokesman Vic de Vries denies that Transnet uses taxpayers' money. "Transnet has been financially self-sufficient for many years and has not been part of the State Budget. This was made possible by means of local and foreign loans."

Privatisation Unit head Pieter van Huysteen says he's had many discussions about dominant players in the government sector moving into the private sector. But, he points out: "We are not a controlling body. If anything materialises it must be taken up with the Competition Board. I will discuss the matter with McDonald to hear what the specific issues are."

Transnet Group MD Anton Moolman says Transnet is making and exporting railway equipment but refuses to say what is being made and where it is going. One competitor believes that Transnet is exporting goods wagons, rail sleepers and Schaeffel sleepers.

Group GM Mike Myburgh says: "We don't want our competitors to become restive. At this stage we would prefer exports to remain at a low level so as not to rock the boat, but it's in SA's interests that we increase exports. We know that some are opposed to the principle of us exporting, but we have spare capacity and must use it."

The export push is being mounted by Transnet's workshops, which were formed into a business unit called Transwerk when commercialisation began on April 1 1990. Like other Transnet units, it has three years to turn itself around and show a profit. So Transwerk is now charged for the work Transwerk performs for them, but after two more years they will no longer be obliged to give all their work to Transwerk and will be able to award outside contracts if the price is right.

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To make Transwerk's commercialisation job tougher, demand for transport has fallen because of the recession. Except for a seven-week period towards the end of last year, the tonnages conveyed by Railways have been below forecast. As a result, the amount of work Transwerk can expect from Transnet's other units has dropped, making the scramble for new business more urgent.

Transwerk isn't without work. It is making 350 new-generation coal wagons that can each carry 80t of coal on the Richards Bay line - 26t more than their predecessors. Railway workshops have been making wagons for years, but there is no doubt that a private-sector heavy engineering company such as Dorbyl would have liked a R60.5m contract right now.

Aside from Transwerk, Transnet's biggest quest for new business is being launched by its Viamax Logistics operation. The unit has formed three joint ventures with private companies: Vuren with Renfreight to distribute newspaper in Johannesburg; Confreight with SA Cargo in Durban to consolidate small consignments into container loads and to receive, unpack and distribute small loads from other destinations; and Freightmax, also in Durban, which it formed with Freightspak to do local distribution.
The MINISTER. We have difficulty in applying the restrictions and seeing that in no transgression takes place because of a shortage of manpower. We are therefore looking at alternative methods to facilitate the process. They have not taken effect yet, but we have problems in protecting such areas.

Insurance Act: amendment

*2* Mr M F CASSIM asked the Minister of Finance how many applications are being referred to the Insurance Act, No 27 of 1943, in order that the amount of R10 000 provided for the family of a deceased after creditors’ claims have been settled may be increased from time to time to keep pace with inflation, if not, why not, if so, what steps does the minister intend taking in this regard.

(1) Whether consideration is being given to amending the Insurance Act, No 27 of 1943, in order that the amount of R10 000 provided for the family of a deceased after creditors’ claims have been settled may be increased from time to time to keep pace with inflation, if not, why not, if so, what steps does the minister intend taking in this regard.

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

D108E

The MINISTER OF FINANCE

(1) Yes, a proposal increase to R30 000.

(2) A suitable proposed provision will be included in the long-term Insurance Bill which will be submitted to Parliament during 1992.

Mr M F CASSIM Mr Chairman, arising out of the hon the Minister’s reply, I am glad to hear the amount of R30 000 being mentioned, but from what date has this amount been set down?

The MINISTER OF FINANCE Mr Chairman, on account of the fact that the long-term Insurance Bill will only be available for debate in Parliament in the next Parliamentary session, this particular amendment can only be made during the course of the next Parliamentary session.

Mr M F CASSIM Mr Chairman, further arising out of the hon the Minister’s reply, is it not possible in the mean time to make any interim arrangement?

The MINISTER Mr Chairman, I will have to it examined from a procedural point of view in order to see whether it may be possible to include a small amendment in one of our other bills. I am not in a position now to say whether that is feasible from the point of view of Parliament.

HOUSE OF DELEGATES

CSIR: report

*5* Mr M ABRAHAM asked the Minister of Transport

(1) Whether a report dated 27 June 1989 was prepared for his Department by the Council for Scientific and Industrial Research, if so, what was the title of (a) and (b) the recommendations contained in this report.

(2) whether any of these recommendations have been accepted by his Department, if not, why not, if so.

(3) whether any such recommendations have been or are to be implemented, if not, why not, if so, (a) which recommendations (and (b) in what manner have they been or will they be implemented?

D117E

The DEPUTY MINISTER OF TRANSPORT (Reply laid upon the Table with leave of House)

(1) Yes, in co-operation with a firm of consulting engineers Jordaan and Joubert,

(a) A Synthesis of South African Practice in Traffic-Law Enforcement,

(b) The conclusions and recommendations are embodied as annexure “A” due to the extent and statistical nature thereof.

(2) and (3) Yes Many of the recommendations contained in the report have already been implemented by the Department of Transport. In this regard I would like to point out that the greater part of the Road Traffic Act, 1989, is already in operation and the Department is well on its way to establish uniform road-traffic standards throughout Southern Africa.

The consolidated Road Traffic Regulations in terms of the Road Traffic Act, 1989, already provide that the tread depth of a tyre shall not be less than 1 mm throughout its breadth. The Department has also established a law enforcement working group which has already compiled a law enforcement programme for the enforcement of overloadings offences. A Training Committee for Traffic Personnel has been instituted to advise me with regard to any matter relating to the training of traffic personnel. Three training manuals have already been compiled for the training of traffic officers, examiners of vehicles and inspectors of licences.

I would also like to point out that tenders for the National Traffic Information System (NaTIS) have been put out. The closing date for tenders has expired and the Department is currently busy assessing the tenders received and it is envisaged that the tender will be allocated not later than 4 June 1991. Implementation of the NaTIS system will start during 1992 and the system will probably be fully operational in 1994.

Some of the recommendations in the report deal with the amendment of the Criminal Procedures Act, 1977, and the adjudication of traffic offences. Draft legislation has already been compiled by the Department of Justice which addresses certain of the recommendations in the prosecution of parking offences. I will shortly consult with my colleague, the Minister of Justice, to address further problems relating to the adjudication of traffic offences.

ANNEXURE “A”

17. CONCLUSIONS AND RECOMMENDATIONS

The conclusions and recommendations from this synthesis are summarised as follows.

17 1 The standards for the road-traffic legislation by the adoption of the Road Traffic Act, 20 of 1989, must be applauded. 1st this Act is accepted as the blue print for all road-traffic legislation, it will pave the way for uniform road-traffic legislation throughout Southern Africa.

17 2 The legislation in respect of the duties of traffic officers could be described as comprehensive and having many pitfalls, this legislation should be simplified. Limiting the authority officer to the area of jurisdiction of the actual employer is dangerous and unacceptable and should receive the necessary attention as soon as possible.

17 3 The requirements for the law of criminal procedure pertaining to the personal serving of summonses, instead of allowing them to be sent by mail, have become totally impractical in view of the large

HOUSE OF DELEGATES
number of summonses that need to be served. This legislation was changed accordingly.

Traffic officers should stop the incorrect use of Section 341 CPA notices in respect of the post factum institution of prosecutions, such as for speeding or traffic-light offences recorded by camera. Section 341 CPA summonses should be used only and, investigations should be carried out in order to introduce suitable measures to deal with the requirement that presently prompts the incorrect use of Section 341 CPA.

There is a dire need to increase the prosecutions for moving violations drastically.

Warrants of arrest related to traffic cases should be recorded on a national information system that is accessible to traffic officers and arrests should be allowed on the strength of such recordings.

The prosecution of most types of parking offences should be adjudicated administratively in toto.

The criminal procedure law in respect of all other traffic offences must be streamlined.

Traffic officers should receive specific training in aspects such as the taking of fingerprints, the art of testifying in courts of law and monitoring the effects of implemented traffic-law enforcement measures.

The onus of proof on the State in respect of impounding a vehicle, mechanical and electronic measuring devices should be alleviated considerably.

Traffic-law enforcement agencies should find more effective ways to communicate with the public at large.

Road collisions involving traffic offences should lead to prosecutions whenever possible and collision involvement should be recorded in a national register.

Traffic officers should play a more predominant role in the issuing and taking of particulars at road collisions as well as during the subsequent investigation thereof.

The administration of drivers' licences should be reorganised in toto and all drivers' licences should be reissued under a properly-controlled administrative system. If this cannot be done, the requirement for drivers' licences should be abolished altogether, in view of the fact that under the prevailing system they no longer serve any useful or effective purpose.

Standardised means to monitor the effect of traffic-law enforcement measures should be introduced country-wide.

Law-enforcement quality-control models should be used more extensively throughout South Africa. The use of these models will greatly assist traffic authorities in deploying their available manpower resources more effectively (these models may be employed for the purposes of the latter recommendation).

In order to render the administration of justice more effective, serious consideration should be given to the establishment of special traffic courts that are manned by experienced judicial personnel.

One of the most important deficiencies in South Africa's traffic-law enforcement practice is the lack of a system that makes provision for the removal of habitual traffic offenders from our roads. The introduction of a points-deduction system for traffic offenders is considered essential.

Full authority should be given to traffic officers in the service of local authorities to issue a written warning to appear in court in terms of Section 72 CPA.

With reference to the literature, it is disquieting to note that many of the problems in the field of traffic-law enforcement that existed in South Africa more than 20 years ago, are still prevalent and that many of the recommendations to alleviate these problems made at that time have still not been implemented, for example, the points-deduction system, special traffic courts, extensive use of mechanised law-enforcement methods, etc.

Criteria for the staffing requirements of traffic departments should be found.

INTERPELLATION

The signatories are a translation. The signatories used subsequently in the same interpolation indicates the original language.

Own Affairs

Housing projects: opening

1. The LEADER OF THE OFFICIAL OPPOSITION asked the Minister of Housing:

(1) Whether he will open housing projects undertaken by his Department in the same manner as did the Minister of Education and Culture by admitting non-Indians to schools and colleges of education for Indians;

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

The MINISTER OF HOUSING Mr. Chairman, the hon the Leader of the Official Opposition will no doubt agree with members who, as the Minister of Housing when he was a Minister As a former Minister of Housing in the House of Delegates, he must surely be fully aware of the extremely waiting list for the Indian component of the South African population.

The dispossessed community has built up a backlog spanning many years which has not been totally done away with. It will not be possible with our limited funds to satisfy the demand for housing for the entire South African population emanating from the lower-income categories of the community.

Notwithstanding the constraints, I share the concern of the hon the Leader of the Official Opposition as well as that of the white communities which have, from time to time, approached me regarding the plight of the underprivileged in respect of housing. It must be noted that the Black communities I have indicated to such organisations that I am fully prepared to render assistance whenever possible within the constraints within which we are obliged to work. Hon members can therefore rest assured that I will not hesitate to consider making surplus housing or land available to other race groups wherever the opportunity presents itself.
Portnet's R134m budget 'the most in years''

PORTNET can go ahead with its strategy to replace and upgrade outmoded equipment after being allocated R134m by Transnet for its capital programme in the 1991/92 financial year.

"It is the most we have received for many years," Portnet chief executive Duke Davidson said yesterday.

"One of our strategies is that our equipment must comply with First World standards and the approved budget will enable us to move in that direction."

Two projects are planned for Cape Town – a R2m roll-on roll-off cargo shed and a cold store for blue-fin tuna.

An amount of R2m has been set aside for the port at Richards Bay for additional open storage space for beltable products.

On the cards for the Durban port are two container wharf cranes. However, only R1,5m of the estimated total cost of R40m will be spent in this financial year.

A total of R24m will be spent on new straddle carriers for container terminals and R16,5m for cartage vehicles and equipment.

New mechanical handling appliances worth R13,7m will be acquired.

To streamline the information network for internal and external use, R18m has been set aside for new data processing equipment. — Sapa.
Aiming from this manpower plan all disparity which existed with regard to medical benefits of members were removed on 1 April 1990. Policy has recently been approved providing for the implementation of work stations of which the main goal is to promote communication between employer and management supplementary to the existing communication/information channels Where the existing communication channel (Procons Regulation 87) is aimed at dealing with personnel’s complaints and grievances on an individual basis, the work stations give personnel the opportunity to discuss matters with management on a collective basis. However, work stations are not primarily a channel for airing complaints but will also be utilised to create organisational culture, improve quality and productivity and build morale.

Policy has also recently been approved making provision for inter alia the consolidation of existing general clubs in order to be accessible to all members as well as the consolidation of the various accounts of the Benefit Fund. This also means that holiday houses are now accessible to all members. Against the background of the Government’s initiatives new policy with regard to the official housing on prospect reserves has already been approved. In terms of this new policy housing accommodation on premises country-wide is now accessible to all personnel in accordance with Procons Regulation 25. This implies the discretionary allocation of accommodation by Commanders at the hand of inter alia functional requirements and the principle of merit and efficiency.

The aforementioned policy will naturally not result in an overnight change in the current situation. A progressive phasing-in will be followed in order to prevent large-scale disruption, costs, dissatisfaction and artificiality.

Apart from this the upgrading of insufficient facilities as well as the extension of transport to personnel between place of residence and place of work where no public transport is available, is receiving continuous attention within the limits of financial realities.

### Questions

#### House of Representatives

**HAUSE OF REPRESENTATIVES**

**Questions**

- Indicates translated version
- For oral reply
- General Affairs
- Questions standing over from Wednesday, 24 April 1991

### Trans-Karoo bookings: race groups

1. Mr T R GEORGE asked the Minister for Economic Co-ordination and Public Enterprises:

   (1) Whether the race of persons booking accommodation on the Trans-Karoo train is taken into account in the allocation of such accommodation, if so, why?
   (2) whether the names of persons who have booked accommodation on this train are listed separately according to race groups, if so, why,
   (3) whether persons making such bookings telephonically are required to state what race group they belong to, if not, what procedure is followed in this regard, if so, why,
   (4) whether he will make a statement on the matter?

2. The MINISTER FOR ECONOMIC CO-ORDINATION AND PUBLIC ENTERPRISES replied as follows to the hon member’s question:

   (1) No
   (2) Yes A computer program was designed to satisfy specific preferences of clients. This program is at present in a process of amendment to provide only one name list which is compiled in alphabetical order
   (3) No Should the client, however, indicate a specific preference, this is taken into account
   (4) No

### Coloured television channel

2. Mr T R GEORGE asked the Minister of Home Affairs:

   (1) Whether he will take steps in regard to having a television channel introduced for the Coloured population group, if so, (a) what steps and (b) when; if not, why not,
   (2) whether he will make a statement on the matter?

3. The MINISTER OF HOME AFFAIRS replied as follows to date I have received no application for a television channel for the Coloured population group and such a channel is also not envisaged. Television is a very expensive broadcasting medium and the visibility of such a service will naturally play a very big role in the consideration thereof. There is, therefore, no intention to introduce apartheid as far as television is concerned [Interruptions]

   (2) The Task Group Broadcasting in South and Southern Africa, is presently by direction of the Government, investigating the overall broadcasting industry. The report of the Task Group is expected to be submitted to Government during July 1991 and all applications will have to be considered on the basis of decisions Government might take after studying the report, with due regard to the interest of all voters and against the background of affordability.

### HOUSE OF REPRESENTATIVES

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**HOUSE OF ASSEMBLY**
Eastern Cape bus company is liquidated

By ROG RUMFORD

The crisis in the bus industry is underscored by the liquidation of the Eastern Cape's CTC Bus Company.

The liquidation of the company last meant the disposal of 297 buses, the retrenchment of around 244 employees - or the loss for the 1990 financial year - and buildings and other assets worth millions of rands.

A boycott sparked by a fare increase in May 1991, followed by strike in December the same year, crippled the company, which ceased operations.

But over the last few years because of:
- Passenger resistance to fare increases.
- A big drop in the number of bus passengers, who switched to the burgeoning taxi industry.
- Scanty of operating costs faster than fares.
- Industrial unrest in the company.
- Poorer weather, "enforced" by uncoordinated public transportation.

In recent years the company has received government grants to help it with its cash flow problems, but this was no lasting remedy.
'Staff riders' a menace on trains

By SHARKEY ISAACS
Transport Reporter

SPOORNET is fighting a losing battle against daredevil "Staff riders", who hang out of the doors of peak-hour trains on the Cape Flats.

Spokesperson Mrs Yvette Oliwage, said: "There is very little we can do about it. It's like fighting a losing battle.

"The coach doors are synchronised to close when the train moves, but some fail to operate when they are jammed by vandals.

"We have video camera footage of commuters hanging outside coaches and it apparently happens when passengers who are afraid of missing a train get into the nearest coach although it is full.

"It is very dangerous. They are prepared to risk their lives on two or three crowded coaches while there is room for them elsewhere in the train.

"We cannot move to other coaches because the connecting doors are either locked or sealed.

"A few trains like the modern 'Blink Steamas' are independent units with no doors."

"We appeal to commuters to refrain from trying to get on a full train and to catch either an earlier or later train.

"We have already established ticket turnstiles at stations to curtail commuters from hitching a free ride on
RIGHT: Passengers hanging out of only two coaches while the rest of the moving train is unaffected by overcrowding.

"Once on board, passengers on trains," said Mrs Oiwage.

ARGUS

13/5/91
Independent shipping company launched

SAFMARINE and Iscor launched their joint venture independent shipping company Safore at a function in Johannesburg yesterday.

Safore shareholders recently decided that sufficient business opportunities existed for the company to expand. This has resulted in Safore ordering a 170 000-ton ore carrier to deliver Sishen Iron ore to Japan. Safmarine in the past provided the commercial, technical and legal expertise to Safore.

The business plan for the future is to expand into the coal exports from SA, and other international trades which form compatible trading patterns with SA-based shipments.
Now Air Zaire operating in SA

By John Miller

Air Zaire has become the latest airline to begin operating in South Africa and is one of several to introduce a regular service to this country.

The Air Zaire DC 10 arrives every Friday afternoon at Jan Smuts and will return to Kinshasa one hour later.

This service follows the signing of a bilateral agreement between the two countries in March 1989 and South African Airways's decision to use Kinshasa as a refuelling stop en route to the Ivory Coast.

Other airlines which will shortly begin scheduled services to South Africa include Cathay Pacific with its weekly non-stop flight between Hong Kong and Jan Smuts, Austrian Airlines with its non-stop flight between Vienna and Johannesburg and Air Seychelles.

At present 23 international airlines operate into South Africa with the figure expected to increase once the remaining apartheid legislation is dropped and overseas countries lift sanctions and trade restrictions.

Since the normalisation process began last year, South African Airways has managed to gradually increase its presence in Africa with several new destinations been added to its list.

These include Nairobi, Kinshasa, Abidjan, Madagascar and most recently a stop over in Casablanca.

Commenting on the additional competition SAA's Zelda Roux said the airline did not see this as a threat but as a challenge.

"We will obviously be looking at ways to improve our service which is part of our ongoing research and strategy," she said.
Shock data on subsidies

IT WAS clear that increases in the number of bus subsidies could not continue, Finance director-general Gerhard Groener said yesterday.

He said there were about 600,000 subsidised bus commuters which amounted to about 0.76% of the national budget or 43% of the Transport budget. “That this amounts to almost R20 a week per commuter is quite a shocking statistic.”

He said public passenger transport should be dealt with at local level, such as within the BSCs.

The decision to transfer responsibility “does not mean that the government will devolve its share in the subsidy burden to those authorities at one fell swoop”. Annual reductions in the state’s share of funds would take place over a period.

The Department of Transport had already begun a process of assuring regional authorities in this regard, he said. — Saps
Transnet’s Elfi drive helps to raise initial R618m

Although foreign investor participation was described by issuing bank Investec as “encouraging”, it was muted by “international coverage of local violence”. No exact figure was given.

However, participation in the secondary market by interested British and European investors was expected as the level of violence subsided and political stability emerged, Investec’s statement said.

A number of major players did not participate because of uncertainty in equity market direction and the fact that global indices were at key resistance levels.

Transnet group finance GM Eugene Kruger called the issue a success and said the awareness of this kind of financial instrument locally and abroad had increased dramatically.

He said: “This allocation brings the number of Elfi in issue to 15bn. Combined with the wider distribution, Transnet is confident that marketability and liquidity will go from strength to strength.”

Meanwhile, the SA Futures Exchange (Safex) confirmed that the first trade had been registered yesterday in the March 1993 all share index future, which is directly linked to Elfi III’s redemption date.

A Safex spokesman expected even more activity in this contract once portfolio managers had worked out their hedging strategies.

The link with the futures market arises from the fact that Elfi III is split into so-called bull and bear tranches, the redemption values of which are tied to the fortunes of the JSE all share index and by extension the corresponding futures contract.
HOUSE OF ASSEMBLY

QUESTIONs

1 Indicates translated version

For written reply

General Affairs

N2, Cape Town: person found dead

134 Mr S S VAN DER MERWE asked the
Minister of Law and Order

whether any non-members of the Police
were killed in this crash, if so, (a) what are
their names and (b) why were they in the
helicopter at the time,

what is the policy of the South African
Police in regard to the presence of non-
members on such flights?

The MINISTER OF LAW AND ORDER,

Yes, their detention under section 50 of
the Internal Security Act, 1982 (Act 74 of
1982) was essential in order to stabilize
the unrest situation in the Alexandra
residential area.

No

(a) and (b) Fall away

The activists were all allegedly actively
involved in the organization and execu-
tion of deeds of violence and intimidation
in Alexandra, which contributed to public
violence, unrest and disorder. They alleg-
edly, inter alia, carried out petrol bomb
attacks on the houses of Council members
of the Alexandra City Council, broke
down doors and emptied refuse bins in
houses

They were also allegedly planning further
acts against these Council members,
which was aimed at forcing them to
resign. As a result of their detention the
unrest situation in the Alexandra residen-
tial area stabilised.

Potgietersrus: crash of SAP helicopter

136 Mr S S VAN DER MERWE asked the
Minister of Law and Order.

(1) Whether a South African Police heli-
copter crashed near Potgietersrus recently, if so,
(a) where, (b) when, (c) what was the
cause of the crash, (d) how many persons were
(killed and (e) injured in the crash and
(f) what was the purpose of this flight,

As a judicial action may arise from
the incident, I am not prepared, at this
time, to supply further details about
it

I refer the hon member to paragraph (2)
(b) which I consider to be sufficient

Transnet/SAAR: free/discounted air tickets

344 Mr A J LEON asked the Minister for
Economic Co-ordination and Public Enterprises

whether any (a) Transnet and (b) South
African Airways (a) directors, (b) employees
and/or (c) families of such directors and
employees received (aa) free and
(bb) discounted overseas air tickets from the
Airways in 1990, if so,

(a) how many in each case and (b) at what
total cost to the Airways?

The MINISTER FOR ECONOMIC CO-ORDI-
NATION AND PUBLIC ENTERPRISES

The Managing Director of Transnet Limited
has furnished the following information in
answer to the hon member’s question. The
Managing Director has also indicated that the
free and discounted air tickets granted were a
fringe benefit of directors and employees and
their families

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Yes 8 052*  Yes 24 153*

Universities: subsidies

87 Mr A P OOSTHUIZEN asked the Minister of
Education and Culture:

Whether he will furnish information with
regard to subsidies paid by the Government to
universities falling under his Department, if
not, why not, if so in respect of the latest
specified academic year for which information
is available, what amount was paid by the
Government in subsidies to (a) the University of
South Africa and (b) each other university
falling under his Department?

HOUSE OF ASSEMBLY
SOUTH AFRICA is close to winning the battle of the skies.

By ROGER MAKINGS

SA tourists, without restrictions, in recent months include Kenya, Madagascar, Comores, Seychelles, Morocco, Zaire and Ivory Coast.

But the big prize is a route over central Africa.

Although the Department of Foreign Affairs secured verbal agreements making a direct route to Europe possible four weeks ago, SAA wants permission in writing.

But government sources say although these verbal agreements have been secured before without written permission materialising, they feel this time the countries concerned are more serious.

Probably one of the prime reasons for the thaw in relations with South Africa, besides its newfound international acceptance, is the growing realisation among African nations that economic ties with SA have advantages.

Trade in southern Africa increased last year by R600-million to R1,2-billion and it would seem that African countries are scrambling for a slice of the action.

Ultimately it would appear that, whether because of political changes or economic forces, South Africa’s acceptance in Africa is assured, and predictions that overfly rights are only weeks away seem highly probable.

For 26 years, SAA has had to fly around the bulge of Africa, but a growing number of those countries are welcoming ties with their powerful southern neighbour.

With the exception of Angola, Tanzania and Uganda, SAA now flies to or over every southern and central African country, all the Indian Ocean islands, some Atlantic Ocean islands and several west African countries, while relations are improving daily with north African countries such as Egypt.

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Countries to welcome
Iscor, Safmarine forge world link

ISCO is moving into the international shipping business along with Safmarine.

After a series of ups and downs, shipping company Safore, formed in 1977 by Safmarine and Iscor to export iron ore, will offer transport to international mining and oil companies.

Safari chairman Ben Alberts says that in addition to the 47-million tons of coal, 15-million tons of iron ore and 2.5-million tons of manganese exported from SA each year opportunities exist for Safari if it can offer a competitive price.

Success

Among the opportunities are transport of oil from the Middle East and iron ore and coal from Australia to Europe and Japan. Safari could also take coal from America and iron ore from Brazil to Japan.

Safmarine and Iscor established Safari and Sishen Shipping to carry 2.45-million of the 7-million tons of iron ore to Japanese steel mills (JSM) each year. Sishen Shipping spent R415-million on the 170,000-ton Sishen, which was delivered in 1977.

It was agreed that the Sishen and the chartered Vanguard would ship 1-million each a year to JSM. Another chartered ship would carry 450,000 tons. This tonnage was maintained until March 1983 when a decline in demand for iron ore forced JSM to reduce its order.

Although tonnages have declined, the success of the export effort resulted in Safari's wiping out its R840-million debt to the Government which took over the financing cost of the railway from the mine at Sishen to Saldanha in earlier difficult times.

Tonnages shipped by Safari shipped to 1.5-million tons by 1988 and later to about 900,000.

The Sishen was "reconstructed", transferred to a Panamanian registration and re-chartered for cargoes other than Iscor iron ore. Safari chartered other vessels to complete the JSM deliveries.

It was then decided to buy a second ship from an East European country for delivery at the end of this year or early 1992. Almost all of the financing for the ship has been negotiated through an exchange of iron ore to the country Mr Alberts declines to name.

Safari operates the Panamanian-registered vessel as well as a 60,000-ton Panamax (a ship able to pass through the Panama Canal) it has on charter for two years. It also has "three to four" trip time charter vessels to carry iron ore from Saldanha and export about a million tons of coking coal a year through Richards Bay for Iscor.

Exchange

The return trip, loaded with coal, makes the operation profitable.

But it is in world trade that Safari plans to establish itself as a reliable, fast, low-cost-effective operator. It is confident that it will grow.

Mr Alberts says: "We are also confident that we will prove ourselves in such a way that the support we receive from the SA mining and other industries will increase."

Safari plans to look particularly at the export of coal from SA.

In the past 16 months, tonnages shipped by Safari have increased from about 800,000 a year to 2-million. Mr Alberts believes that Safari, already profitable, could soon contribute to Iscor's profitability.

Success of the venture is almost assured, says Mr Alberts. At last month's iron-ore symposium in Nice, France, a bulk vessel shortage was predicted. It was said orders for new vessels would not keep pace with the scrapping of old ships.

BEN ALBERTS' Eyes on coal exports
Asherson slates Govt over bus subsidies

By Shirley Woodgate

The Government's plans to shift multimillion-rand bus subsidies on to local authorities places an impossible burden on businesses who will have to foot the bill, warns Johannesburg transport chief Paul Asherson.

Hitting out at the "razeetls" of Director-General of Finance Gerhard Grooer for imagining local authorities were at this stage well financed and able to carry "all Government burden," he accused the State of "washing away from its responsibilities.

Mr. Grooer indicated at the South African Bus Operators Association's annual meeting that regional services councils would take over part of the subsidy burden from the Government in July next year.

Mr. Asherson replied: "Since we see little or no significant devolution of power it is time the Government stopped regarding local authorities as its milk cow." South African Bus Operators Association director Prof. Jackie Walters said the bus commuters' subsidy for 1991/92 totalled R44 million and the rail commuters' subsidy R850 million, of which 60 percent was spent in the PWV area.

Central Witwatersrand RSC chief-executive John Griffiths said that while the RSC was not averse to taking on the added responsibility of transport, this would certainly lead to increased levies.
SAA on course for rights to overfly 'bulge'

SAA was likely to get North African overflight rights within the next six months — a development which would probably encourage the US to reinstate the airline's landing rights, SAA CEO Gert van der Veer predicted in Johannesburg yesterday.

Van der Veer told the SA-German Chamber of Commerce and Industry yesterday that an OAU meeting in two weeks' time could set SA on course for a more direct European route.

"We should see the establishment of a more direct route to Europe within the next six months, but I predict US landing rights will only be granted later and that the US will follow the example set by the African changes in attitude," he said.

Van der Veer said he hoped that overflight rights would be discussed and put on the path to resolution at the OAU talks.

He said money spent by SAA on extra jet fuel to fly "around the bulge" could be better spent on developing African routes.

Although SAA would make substantial fuel bill savings by flying overland to Europe, the airline, which now has a 41% share of international commercial air transport business to and from SA, was not planning to drop fares in accordance with the fuel savings, he said.

"What we will probably see is a slowing of fare increases, possibly even the stabilisation of tariffs. It is very difficult for airlines to go back and drop fares after increases have been implemented."

Since jet fuel prices dropped after the end of the Gulf war, major airlines such as Lufthansa and British Airways have announced fare cuts.

© Picture: Page 3
SAA operating at a loss

Johannesburg — SAA suffered a 17.2% drop in passenger volumes over the past year and the airline's CEO Gert van der Veer predicts a further 14% payload decrease in the next year.

Van der Veer said this week the airline was operating at a loss and prospects looked even gloomier in the short term, not only for SAA, but also for other local airlines which would compete in the domestic market from July.

He added SAA's larger aircraft were operating on an average 74% payload compared to pre-slump 90% payloads.

In a move designed to soften the blow, SAA plans to withdraw its 15-year-old Airbus A300 fleet from domestic and low density regional routes.

Van der Veer said these 280-seater aircraft would be replaced by the smaller, more fuel-efficient Airbus A330 aircraft, the first of which is scheduled for delivery in November.

The airline has ordered seven A330s, at a cost of about R180m each, and holds options for a further seven.

Three more R370m Boeing 747-400s are on order as well as at least 30 jet engines from Rolls Royce for the new aircraft.

Van der Veer said SAA's current assets were valued at R3bn, with aircraft and spares on order representing a further R3bn investment.

He said the recent decision to 'commercialise' SAA and split it into two separate divisions was motivated by government not being able to afford further investment in the airline while socio-economic upliftment remained a national priority.
BEARING UP

The bear tranche of Transnet’s new Equity Linked Fixed Interest security (ELFI III) has proved popular. Negatively linked to the JSE All Share index, it is trading at a premium of about 5%, which is a sign of strong demand, especially in view of the 100-point rise in the index over the initial 2,915. As Simpson McKie’s Marilyn Vysse points out, fair value suggests a discount of 4%.

The bear offers an attractive coupon of 25%, while the bull, which is positively linked to the index, pays 4.5%.

Even if the index increases by several hundred points in the two-year period to maturity, the bear remains a winner, while the bull, as an interest-bearing instrument, would come into its own only if the index rose more than 600 points. Together with the rand discount to foreigners, this would account for the interest in the bear tranche — R800m of applications were received, but only R618m were issued.

ECOLOGY & POLICY

Transnet’s exposure is limited to a 100% change in the index. Investors could earn a risk-free 14.75% simply by buying equal amounts of both tranches. Higher yields, however, clearly entail capital risk.

On an initial purchase of R1m at par on each tranche, calculations of the best or worst case scenarios show the following:

- If the index doubles the bull will be capitalised at R2m which, with two years’ interest of R90,000, comes to R2.1m, an annual return of 54.5%; but the bear will be worthless, leaving only income of R900,000, an annual loss of 25% and

- Conversely, if the index falls to zero, the bull will lose a staggering 45.5% a year, but the bear will gain 7.5% a year.

The latter scenario would spell the collapse of the financial system, but the former is not inconceivable. A more realistic prospect, however, is a rise or decline in the index of 300 points, which would imply:

- If the index rises, a capital gain of 10.3% on the bull (total annual return of 9.7%), but the bear will still offer a return over the period of R1.4m, despite a capital loss of R100,000 (9.9% a year), and

- If the index drops, a 10% capital loss on the bull, but the bear will be worth R1.6m (30% a year).
Huge debts put bus services of Reef in danger

The Reef's satellite municipalities' bus operations are running up huge debts as people increasingly choose to travel by taxi.

Two 'East Rand municipalities, Benoni and Nigel, have already dropped out of the transport business and auctioned off their buses, while Brakpan and Boksburg have quit running services to black townships. Kempton Park has sold its bus service to a private operator.

A Nigel municipality spokesman said it halted its bus service after drivers made unreasonable demands, vehicles were stoned, and commuters organised a three-week boycott. The service was running at an annual loss of R1m when it was closed last June.

Sympathy

Benoni stopped its service after the town council refused to keep subsidising the service by R1m a year.

Germiston's bus service has budgeted for a R6m loss this year, which works out to R12 a ratepayer. A council spokesman said as long as the service had ratepayers' sympathy, it would continue.

Brakpan cut back on its service dramatically after it realised it was heading towards a R3.3m loss compared with the budgeted R500,000. By reducing the service to running school buses, the municipality limited the damage to R2.1m.

A Springs municipality spokesman said taxes did not harm the town's bus service because it only ran in white areas and catered mainly for schoolchildren.

Nevertheless, Springs ratepayers have had to subsidise the service by R2.3m this year because the buses spend most of the day in sheds. The spokesman said money was saved by employing mostly part-time staff.

Bus operators said they had no plans to change their tactics to compete against minibus services.

"Small buses are less economical because one has to employ more drivers and pay for more maintenance per commuter," Roodepoort's bus service manager said.

Operators said that given a choice, they would stop services which carried less than 55 passengers.

Another intractable problem was policing drivers. One bus service manager said revenue was boosted by R3,000 a day after the municipality discovered seven drivers were stealing most of their fare money. Routes the municipality thought under-utilised were in fact overloaded.
SAA looks at latest anti-fire system

LINDEN BRINS

NEW aircraft fire-fighting systems, which put out petroleum-based fires with tiny amounts of water will be fitted to SAA's aircraft if the UK's Civil Aviation Authority (CAA) makes it compulsory for all commercial passenger aircraft to be fitted with them.

The new system, developed by BP, is still undergoing tests, but the technique was demonstrated to the UK authorities last week.

The CAA recently told the UK-based Flight International magazine that fire-tests showed the water-spray system was effective and that installation of the system on new aircraft could be made compulsory within three years.

SAA spokesman Leon Els said although the airline was not bound by CAA safety regulations, it adhered strictly to them.

This followed the loss of 159 lives in 1987 when SAA's Boeing 747 Helderberg crashed off Mauritius after an uncontrollable fire on board.

The technique involves extinguishing fires by using a spray of water droplets. The droplets cannot be too small or they will turn to steam before reaching the heart of the fire; too big, and they go straight through the flame, splashing upon the burning fuel and causing the fire to spread.
SAA cuts back flights for long weekend

LOW demand has forced SAA to cancel 26 domestic flights, combine six other flights and use smaller aircraft on at least eight others for this long weekend.

Airline spokesman Anelda Reyneke said yesterday that a similar dramatic drop in passenger demand was experienced last year, but that this time SAA was prepared with a money-saving plan.

"This long weekend is not as popular as Easter as it's shorter." Winter was also not popular with leisure travellers, and not many people took business trips over long weekends.

"By cancelling and combining some flights and by using smaller aircraft on others, SAA is able to make up the load-factor difference," she said.

Most of the flights affected were scheduled for Friday. So far eight flights between Johannesburg and Cape Town, six between Johannesburg and Durban, four between Johannesburg and Port Elizabeth and two between East London and Johannesburg have been cancelled.

A flight from Johannesburg to Cape Town via Upington and Kimberley and one via Bloemfontein have been combined, as have two flights from Johannesburg to Port Elizabeth and two to East London.

On Saturday five flights between Cape Town and Johannesburg have been cancelled and six will now be flown using smaller Boeing 737s. So far only one flight between Johannesburg and Cape Town has been cancelled on Sunday.

Reyneke said passengers who had tickets and would be passengers should check with the airline for further cancellation details and revised departure times.

One consolation is that the airline has laid on one extra flight from Johannesburg to Durban especially for Comrades Marathon competitors on Thursday night but it is already fully booked.
'Impossible' draft Bill is scrapped

The draft Passenger Transport Bill has been officially scrapped as government believes it impossible to pass in its present form, a Transport Department spokesman said yesterday.

The draft Bill, on which work began nearly a decade ago, was intended to address the issues of passenger subsidies. The department will now begin to reassess the passenger transport crisis.

The spokesman said many of the principles contained in the Bill remained valid but warranted further research.

The Transport Department intends formulating a replacement Bill in time for next year's Parliamentary session.

The National Transport Policy Study was commissioned in 1982. It resulted in a White Paper in 1986, and legislation underpinning most of its recommendations has been enacted through the Road Transport Act, the Transport Deregulation Act and Transport Advisory Council Act.

No definite policy could be formulated for passenger transport and state subsidies and the industry remains in limbo.

Transport consultant Paul Browning said abandoning the Bill would "enable all concerned to take a fresh look at the question of commuter transport in the conditions of the 1990s".

Browning said it was essential to find a way of responding to rapid political and economic changes, but the search for new legislation could hinder this.

However, there was a possibility that what was required was merely the imaginative application of what was at on the statute book.

A way had to be found to allow the informal sector taxi industry to participate in the operation of subsidised commuter services, he said.

Transport analysts said the Transport Department was faced with changing the subsidy system to something which distributed limited funds more effectively, while maintaining essential services.

Government was determined to devote its resources to social upliftment as it did not perceive commuter subsidies as offering value for money, analysts said.

The Transport Department's intention to shift the responsibility for subsidies to regional authorities was ill-fated because Regional Services Councils, which had no basis from which to work, were reluctant to accept responsibility, analysts said.
Govt scraps draft Passenger Transport Bill

OWN CORRESPONDENT
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Beating the bus industry blues

By MONDRI MAKHANYA

PUBLIC transport in South Africa is in a mess. Declining government subsidies and the rise of the taxi industry have dealt a lethal blow to bus companies.

In the wake of the collapse last year of Port Elizabeth Tramways and Patco's recent announcement that it was up for sale, many others are also facing cash crunches.

This week several municipalities on the Reef revealed they were in dire financial straits as a result of inroads made by taxis into their market. The Benoni and Nigel municipalities have already closed their bus services in the past 12 months while Brakpan and Boland have terminated their services to black townships.

At the same time Bophuthatswana Transport Holdings has closed some depots and Empangeni Transport in Zululand is being sold off. KwaZulu Transport (KZT) has cut back its fleet from 850 in 1988 to about 650.

Cutbacks in subsidies are primarily responsible for the sorry state of bus transport. The government, seeking to save money and avoid the economic distortions they cause, seems to want to decrease or stop all subsidies.

In the place of subsidies from central government, it has been suggested, the regional services council will take over funding public transport. But this has yet to transpire.

Bus operators lay much of the blame at the feet of the minibus taxi industry.

TROUBLED TIMES ... Taxis have eroded the bus companies' market share on a vast scale, and a taxi driver for the Bophuthatswana Transport Holdings has been given a five-year sentence for murder by the township council.

"Labour unrest and township violence. Having made certain routes unprofitable for bus companies and therefore forcing them to withdraw, the taxi industry itself is now unable to cope with the increased demand," KZT MD Chris Peckett says the income reduction problem emanates from a drop in the number of commuters, a decrease in government subsidies and an increase in operating costs resulting from the bus industry's dependence on imported parts and fuel.

"The difficulties have also been complicated by other issues such as the politicisation of public transport in many areas - with consequent intimidation of passengers and drivers of buses - and growing consumer resistance to fare increases," he said.

His views were echoed by Patco MD Jack Vasser who said that in view of the government's 10 percent increase in bus subsidies below the 15 percent inflation rate - an 18 percent increase in fares would be the only option for bus companies but this would be resisted by commuters.

Paul Browning of Travel Management consultants said the solution to the "really grim" state of passenger transport would be co-operation rather than competition between the bus and taxi industries.

"The bus companies and taxi industry should find a way of working together. The bus companies have a lot of skills, while the minibus taxi has the advantage of being flexible," said Brown.

By working together buses could allow the operator to keep travel distances at peak periods. On the other hand the bus industry could operate during off-peak hours and diversify into other services.

Support for a nationalised transport sector is strong in left-wing organisations particularly in the transport trade union. The Transport and General Workers' Union has been researching future transport policy and favours centralised transport sector.

Says TGUW general secretary Nkosinathi Nkhenko: "The nature of the industry is that it is a social service. We therefore need a new passenger transport policy to accommodate and create a balance between all modes of transport, and we must address the ownership issue. It was incorrect in the first place that should have been put in private hand and left to the market forces."

Peckett, however, pointed out that any government must want to nationalise transport it would find it difficult to raise capital to buy buses (at a cost of R350,000 each) from the private bus companies. Furthermore, the government might become intolerant of complaints from taxis and thus regulate them out of existence.

"At the same time it is impossible to argue that the bus industry is totally divorced from government even now. So the debate about nationalisation should concentrate on what is the nature of the relationship between government and the operators, rather than whether they should be a relationship at all."

A rise in food, booze prices expected

probably not rise by more than 11.5 percent.

Value Added Tax which will be levied on food (previously exempt from VAT) from September 30 will be around 11 percent. This will be reflected in sharp increases in food prices, and tobacco.

An expected drop in the bank rate, from 18 percent at the beginning of 1991 to 15 percent at the end of 1991, may be reflected in a similar drop in mortgage rates.

Interest payments may also decline. The BMR expects the measures to stimulate expenditure in the one hand and business profits on the other, the BMR says.

It also seems unlikely that large sums of additional credit will be available to consumers in 1991, as private consumption expenditure is expected to fall by about 0.5 percent.
Transnet is aiming to become thoroughly commercialised. But it has yet to come to grips with the competitiveness of the marine ship repair and engineering industry, as a recent incident demonstrates.

A major oil company asked Transnet subsidiary Portnet about hiring a Cape facility for a multimillion-rand repair job on a damaged tanker. But the shipowner’s interest waned when it learnt that Portnet’s charge for a lay-by repair wharf would run to R390 000 a month for what promised to be a three-month contract — meaning it would cost the owner nearly R1.2m before a cent was spent on repairs.

After a hurried telephone call between the Cape and Transnet’s Johannesburg headquarters, Portnet came up with a new offer for the London-based owner — 25% off the standard charge for the first month, 40% off the second month and 60% off the third.

Ship repairers concede that Portnet had every right to expect a fair return for the use of its wharf, but what did not seem to strike home was that if it did not land the job the wharf would stand empty and not earn any revenue. As it happened, the oil company wanted to start work and, with other shipyards tendering good prices, the Cape lost the contract to Singapore.

Portnet’s fumbling cost local ship repairers millions of rands in lost business. And it hurts the industry at a time when it is trying to win back shipowners who were reluctant to patronise local facilities because of anti-SA sentiment.

Tankers once provided SA yards with highly lucrative contracts. But this ended with sanctions and the development of supertankers that are too large for the local drydocks.

In recent years, only ships needing emergency repairs have been attended to locally. SA is now trying to return to a more competitive industry — the Durban and Cape yards must compete not only with each other, but with Greece, Singapore, Lisbon and the Persian Gulf as well.

A Portnet spokesman conceded the company had lost the contract. But perhaps it has learnt a lesson too. With Portnet’s support, local ship repairers will hold discussions in London in a bid to bring more work to SA yards. They are emphasising the advantages of repair yards that are on the route of tankers operating from the Persian Gulf.

One recent coup: A giant Kuwaiti tanker is undergoing extensive temporary repairs at the Cape in a two-month, US$1m job.

In the last month business has picked up markedly despite the loss of the contract for the London-owned tanker. Local repair firms are enjoying strong demand from transit vessels and ships engaged in oil recovery in west Africa. This time they hope the wind has turned back in their direction permanently.
SAA in bid to oust Air Swazi from Far East

By TERRY BETTY

AMID mounting concern among freight forwarders about airfreight import backlogs from the Far East, SA Airways is trying to knock Air Swazi out of the route.

Air Swazi, owned by Safcor, is the only airline to fly directly from Singapore to SA. It carries about 40 tons of cargo a week.

Forwarders say Air Swazi’s carrier would make problems worse.

But SAA public relations manager Leon Els says there are no backlogs. “There is plenty of capacity on flights going through Europe because of the economic downswing.”

The three departure points from the Far East are Singapore, Taipei and Hong Kong.

Lack of space on direct flights forces freighters to use aircraft going to Europe or Mauritius where the cargo is picked up by SAA.

Ludicrous

Safcor Forwarding’s Far East route manager, Sandra Svioboda, says “This can cause delays of a week and up to three in peak season.

“Local cargo in these countries takes preference over goods in transit.”

Costs rise if goods take an extra week to get to SA and the importer passes the bill to the consumer.

Far East route manager for Renfreight Air Cargo Owen Currim says “Routing tons of cargo through Europe is ludicrous. It’s not so bad if a customer needs only a small item and cannot wait for a direct flight.”

The erosion of Japanese restrictions on SA trade will increase demand.

Chairman of the aviation sub-committee of the Transport Consultative Committee, Pat Corbin, says many agents receive special rates and cannot expect a first-class service.

SAA has appointed five preferred agents in Hong Kong and allocated all the space to them. Space not used by these agents is sold to the rest of the forwarders.

Freight agents complain that this encourages middlemen, increasing costs and hampering access to space.

Safcor is a preferred agent and Mass Svioboda agrees that “it does give us an unfair advantage in terms of space”.

Safcor managing director Bram Loots says Air Swazi is still flying the route. The National Transport Committee (NTC) has been asked to allow it to continue.

“But the problem is legislation. It makes SAA the only designated air carrier and gives it control of international routes.

“Everyone is excited about deregulation, but this applies only on a domestic level. There should also be free competition and operation internationally.”

Mr Els says the gap will be filled by Cathay Pacific which starts flights in July. But there is doubt that it will help because Cathay’s flights will be non-stop, limiting the load.

Mr Els says two other Eastern airlines are interested in flying to SA.

Mr Corbin says “Air services were developed to meet passenger, not freight, requirements. The tremendous growth potential for a freight market is restricted by these regulations.”

A working group will study international air services and decide whether freight and passenger regulations should be separated and international routes deregulated.
SAA fleet wins foreign finance

SAA has options on a further seven Airbus A300s, which could be converted if passenger demand increases sufficiently, and plans to invest about R1bn in new aircraft, spares and support items.

Through Hill Samuel of London the airline has purchased two Boeing 747-400 aircraft this year at a cost of about R350m each, and has ordered two more.

Trek Airlines, which has also ordered Airbus A300 aircraft, remained tight-lipped on the structuring of their deal.

However, industry analysts said it looked as if the airline would lease its aircraft through foreign sources.

They believed Trek could order as many as five A320s in the short term, but could order more aircraft if allowed to compete against SAA on international routes.

Trek marketing manager Jochen von Motlke said at the weekend the airline would initially lease the aircraft, but would not say through which company this would be done, or if an eventual purchase agreement was built into the contract.

These announcements follow warnings in the US that banks are likely to cut down on aircraft finance packages.

In its latest market outlook, Boeing forecast annual growth of 5.4% in the world's passenger jet fleet, with nearly 9,000 projected new aircraft orders by 2005.

Leading US-based airline consulting firm Avmark Inc. said the world's top 500 banks would have to lend at least $617bn to pay for these aircraft.

Warning that the amount was almost 250% more than the amount of aircraft finance these banks had made available in the past 20 years, Avmark said airlines might have difficulty acquiring finance.
New Safair service to take off with $20m jet

SAFAIR is to launch a new express parcel and freight service in August using a $20m British Aerospace (Bae) 146-100 which it has acquired on a six-month lease-purchase contract.

The jet aircraft, which is the first of its type to be operated by an airline based in SA, will fly two return flights a night between Johannesburg and Cape Town from August 1. It will replace the slower, less efficient Hercules planes on that route.

MD Braam Loots said Safair would consider buying a second Bae 146 if market demand justified it. The deregulation of international routes would allow Safair to compete with SAA on a regional basis. If this occurred, it would be further justification for a second aircraft, he added.

Safair's top four Hercules flight crews had been sent to the UK to undergo conversion training for the new aircraft.

"The express freight market has seen growth of more than 100% a year in the last five years," he said.

He added that Safair flew 20 tons of freight a month on its flights to major centres around the country.

The Bae 146-100 would cover a flight from Johannesburg to Cape Town in about two hours - 40 minutes quicker than the Hercules aircraft - said Loots. The new aircraft would be equipped to land at all major SA airports under the most difficult weather conditions.

The aircraft acquisition is part of a package which will include the establishment of a Bae-approved maintenance facility at Safair's Jan Smuts Airport base, and will allow the airline to service other southern African-based Bae 146s and Airbus A320 aircraft.

Air Botswana has two Bae 146s and Air Zimbabwe one. At present these have to be flown back to the UK for any major service and overhaul work.

In April Safair advertised in leading aviation magazines in a bid to attract maintenance contracts from operators of Boeing 707 jets and smaller propeller-powered commercial aircraft.

The airline's sister company, Trek Airlines, has ordered a number of A320s. But, said Loots, the holding company, Safren, had not placed any pressure on Trek to contract its maintenance work to Safair.

Loots said the new Bae 146-100 would give Safair an advantage over any other competitors who entered SA's express cargo market. The aircraft, known for its quietness, is one of few allowed to land and take off during the night at airports close to build-up areas.

Although there were no noise restrictions at SA's major airports, the imposition of noise-prevention curfews was imminent, and Safair would still be able to operate without disturbing people living close to airports, he said.
Renewed interest in Transnet’s Elfi III

FOREIGN investors have shown renewed interest in Transnet’s Elfi III debt issue, says Investec Merchant Bank.

Investec was the merchant banker for the Elfi III issue, an Equity Linked Fixed Interest instrument which has raised R820m since it was launched last month.

Investec risk manager Mike Henegan said 30 prospectuses had been sent to potential clients in Europe and Australia.

He attributed the renewed foreign interest to the marketing effort, a reduction in the township violence and the good liquidity of the issue.

About R100m of the new Elfi III issue had already traded in the secondary market, he said, thanks to Transnet’s commitment to guarantee trade in the stock.

“Investors want to know that they will find a willing buyer if they decide to sell the stock,” Henegan said there were indications certain investors who initially were uncertain about participating would soon put in an appearance. Prices for Elfi III will be quoted in Business Day every day from today.

See Page 11
Planners upgrade Athlone transport

Municipal Reporter

HUNDREDS of Mowbray residents have objected to a scheme to increase the size and capacity of the bus terminus in their suburb.

Many of them want a major public transport interchange to be in Athlone instead, to minimise the number of buses arriving in Mowbray.

Planners have now come up with a compromise scheme in terms of which Athlone's transport infrastructure is significantly upgraded.

However, there will still be a bus service between Athlone and Mowbray along Klipfontein Road, which is now the most heavily loaded bus route in Cape Town's metropolitan area.

There is a bus-only lane between Vanguard and Jan Smuts drives, which planners had originally intended to extend towards Mowbray. However, the plan ran into flak from Mowbray.

Strong opposition to the proposed bus priority scheme was voiced at a meeting held in the Mowbray Civic Hall. The council also received 54 written objections (46 of them from Mowbray), and a 349-signature petition opposing the scheme.

A report before the utilities and works committee yesterday recommended that Athlone terminus should be improved by building a pedestrian bridge to provide street-to-street access across the Cape Flats line; providing four bus bays along Aden Avenue; a minibus taxi terminus on the eastern side of Athlone station, and parking at the station.

Land will also be reserved in this vicinity for possible future expansion.

Consultants found there would be several problems in trying to encourage more people to use Athlone rather than Mowbray as the place to change from bus to train or vice versa.

One was that the peak-hour train frequency on the Mowbray line is 15 trains per hour, compared with the seven per hour on the Cape Flats line.
Transport still to be subsidised

TRANSPORT subsidies had cost government R1,3bn over the past year, and it would continue its subsidy policy but at a reduced rate, Transport director-general Ronnie Meyer said yesterday.

"After the recent appearance of negative reporting on public transport in the media, it is necessary to place certain aspects of this issue in perspective," he said in a statement.

"The government will continue to pursue a subsidy policy in which the users of public transport, and not the passenger transport companies, are subsidised," he said.

Government put the interests of commuters first when deciding on public transport policy.

Government strived on one hand to remain within an affordable budget, and on the other hand to supply inexpensive public transport.

"Government has in the past year contributed about R1,3bn to passenger transport subsidies. Bus subsidies alone amounted to R830m last year. With the limited funds at its disposal, the government can, however, no longer afford the present rate of subsidies," he said.

In the case of KwaNdebele, for example, passengers travelling about 130km paid R22.70 for a 10-trip ticket.

The Transport Department subsidised these passengers by R61.00. For a 52-trip (monthly) ticket passengers paid R118.00 and the department paid R317.24.

In the case of Johannesburg to Orange Farm where the average distance travelled was 46km, the passenger paid only R19.50 a week while the department contributed R27.50 a week.

Meyer said despite the significant amount of money that was allocated annually to bus subsidies, about 5% of passengers still paid more than half of their incomes on transport and received about 15% of the subsidy amount. Government was not satisfied with the situation, and was giving it its attention.

Employers would, however, have to make a greater contribution to workers' transport costs.

A further problem adding to the industry's woes was the poor financial situation many private companies were in.

Boycotts, stayaways and intimidation — normally accompanied by violence — could result in further cost pressures on the bus passenger services and contributed to instability in the industry.

Transport Minister Piet Welgemeen and the Transport Department were negotiating with the relevant parties on the problems in the industry, Meyer said — Sapa
The MINISTER OF FINANCE

During the 1976/77 financial year, the separate revenue, loans and Black Education Accounts were replaced by the present single State Revenue Account. In addition the SWA Account lapsed in 1979/80 and was replaced by a transfer which was deposited in the Central Revenue Fund of SWA.

As a result of the above-mentioned changes, the deficit before borrowing (as presently calculated) is not strictly comparable with previous periods. However, the Department published series of comparable figures in the Statistical/Economic Reviews (1983/84 to 1990/91). The following calculations are derived therefrom.

The following statistics are in respect of calendar years since they are not available for financial years:
1988 - R49 845 714
1989 - R44 157 192
1990 - R53 203 965

Toll roads/shares in toll-road companies: investments

The following amounts have been granted per institution for the year:
1984/85 - R1 736 752,87
1987/88 - R4 490 952,54
1989/90 - R3 581 039,10

(a) Owaqua and Harrismith

(b) Owaqua and Bethesda

(c) Owaqua and the Orange Free State Goldfields—None

(d) Owaqua and Kroonstad—None

(e) Owaqua and the PWV area—None

The MINISTER OF TRANSPORT

(1) Bus Companies per se are not granted any subsidies, however the total subsidy amounts which have been paid during the relevant financial years with regard to commuters, between the relevant places, are as follows:

<table>
<thead>
<tr>
<th>Financial year</th>
<th>Subsidy amount</th>
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<tbody>
<tr>
<td>1984/85</td>
<td>R 76 618,50</td>
</tr>
<tr>
<td>1987/88</td>
<td>R 203 036,30</td>
</tr>
<tr>
<td>1989/90</td>
<td>R 195 136,83</td>
</tr>
</tbody>
</table>

Commuters transported from Owaqua: subsidies

396 Mr J J WALSH asked the Minister of Transport:

(1) What total amount was paid out in subsidies to companies transporting commuters between (a) Owaqua and Harrismith, (b) Owaqua and Bethesda, (c) Owaqua and the Orange Free State Goldfields, (d) Owaqua and Kroonstad and (e) Owaqua and the PWV area in respect of the 1984-85, 1987-88 and 1989-90 financial years, respectively.

(2) How many commuters were involved in each of these financial years?

(3) Whether the Government, with a view to preventing foreign exchange losses as a result of the importation of toys of poor quality, is exercising control over the quality of imported toys, if not why not, if so, what control?
(2) The number of commuters involved in each of the relevant financial years is not available. The number of subsidized trips determined according to the number of bus tickets sold, between the relevant places is as follows:

(a) Qwaqwa and Harrismith

<table>
<thead>
<tr>
<th>Financial year</th>
<th>Number of commuters</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984/85</td>
<td>2 912 372</td>
</tr>
<tr>
<td>1985/86</td>
<td>3 969 196</td>
</tr>
<tr>
<td>1989/90</td>
<td>4 180 716</td>
</tr>
</tbody>
</table>

(b) Qwaqwa and Bethlehem

<table>
<thead>
<tr>
<th>Financial year</th>
<th>Number of commuters</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984/85</td>
<td>187 538</td>
</tr>
<tr>
<td>1987/88</td>
<td>164 358</td>
</tr>
<tr>
<td>1989/90</td>
<td>148 824</td>
</tr>
</tbody>
</table>

(c) Qwaqwa and the Orange Free State Goldfields—None

(d) Qwaqwa and Kroonstad—None

(e) Qwaqwa and the PWV area—None

(2) No

Building of housing units in RSA

(1) Mr P. G. SOLOM asked the Minister of Welfare, Housing and Works whether it is true that the Department is each of the relevant financial years is not available. The number of subsidized trips determined according to the number of bus tickets sold, between the relevant places is as follows:

(a) Scereschino 443

(m) Motsenten 444

(n) Heuningsvlei 442

(iv) Goedgedacht 452

(v) Portions of Farms 438 to 441 and Mimosa 454

(b) (i) 1 951 hectares

(ii) 1 951 hectares

(iii) 3 889 hectares

(iv) 3 316 hectares

(v) 2 881 hectares

The MINISTER OF PUBLIC WORKS AND LAND AFFAIRS

(1) Yes, but also for other requirements of the community. As the presence of a number of Coloured families (Khosie community) in the centre of the training site of the Army Combat School at Lohatla obstructed the proper use of the area for training purposes and also endanger the lives of the community, it has been decided, in conjunction with the parties concerned, to move the community to another part of the training site. The following properties have been placed at the disposal of the Administration House of Representatives for this purpose:

(a) (i) Scereschino 443

(ii) Motsenten 444

(m) Heuningsvlei 442

(iv) Goedgedacht 452

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(v) 2 881 hectares

Herandien, Mr C B—

Own Affairs

Housing, 125

Hoon, Mr J H—

General Affairs

Foreign Affairs, 1428

Planning, Provincial Affairs and National Housing, 567

Jacobs, Adv S C—

General Affairs

Home Affairs, 142

National Education, 1221

Landers, Mr L T—

General Affairs

Justice, 251

Langley, Adv T—

General Affairs

Defence, 281

Own Affairs

Agricultural Development, 891

Leon, Mr A J—

General Affairs

Law and Order, 1226

State President, 1421

Own Affairs

Budget and Local Government, 317

Education and Culture, 109

Le Roux, Mr F J—

Own Affairs

Chairman of the Ministers’ Council, 1339
SA AIRWAYS is believed to have lost R60-million in the year to March 1991.

The huge turnaround from profit in the previous year to loss raises fears of steep increases in the cost of fares.

Although the figure is an unaudited internal estimate, sources in the airline say R60-million is not far off the mark. Other sources, however, say the figure could be R80-million.

The loss can be attributed to the worldwide recession, the damaging effects of the Persian Gulf war on tourism and falling domestic traffic, said to have resulted in a 16% drop in volume.

Many international carriers have suffered a plunge in the number of passengers carried.

It is estimated that in the first quarter of the year, their revenue dropped by R2.7-billion.

**Tunnel**

SAA made a profit of R62-million in the previous year, but R35-million was lost on the domestic operation.

SAA's foreign operations ran at a profit of R71-million.

SAA has relied on profits on its international routes for years to subsidise domestic tariffs.

This has been achieved partly by agreements with other airlines flying to SA which have kept fares relatively high.

The fact that SAA could operate profitably even though it must take the longer route around the bulge of Africa on most of its flights demonstrates this.

It has also used the Air

SAA dives into R60m year's loss

By ROGER MAKING

SAA's senior manager, public relations, Leon Els, says the loss will not mean a lay-off in staff or affect delivery of 10 aircraft worth R3.5-billion on order.

"This loss is not the end of the world. There is light at the end of the tunnel. We hope that our new generation of cost-effective aircraft which start arriving this month, along with routes opening up to us, will reverse this setback."

Another factor that could improve SAA's accounts is the lifting of sanctions. It may soon be able to resume its services to the US and Australia and may be given the go-ahead to fly to Japan.

Mr Els says SAA is continually looking at ways of cutting costs, including the re-evaluation of loss-making routes, both international and domestic, and the ban on employing new staff.

Total staff complement has fallen by 1 000 in the past few years, making it more difficult for the airline to follow its policy of employing more blacks.

**Bilateral**

SAA will soon face competition on its routes to the Far East.

Until now, SAA has held the lucrative Pacific Rim monopoly, but it will have to share its load with the likes of Cathay Pacific, China Airlines and Singapore Airlines.

Mr Els says, "Initially we expect profits to fall, but they will pick up as the incoming airlines begin to market SA as a tourist destination."
Well spotted, Mrs Goddard

THREE SAA Boeings quietly crossed over Africa on Sunday from Europe on Sunday night, ending a 25year-old Organisation of African Unity embargo.

And only one passenger appeared to notice.

Instead of flying around the bulge of Africa, as the airline has been doing since 1983, the three jumbos overflew Morocco, Mauritania, Mali and the Ivory Coast, cutting more than an hour off each of their flight times.

From last night all flights to Europe will fly this route, and although this is not the shortest way over Africa, SAA’s chief executive, Gert van der Veer, said yesterday it was only a matter of months before the airline would be overflying the Sudan and Egypt, saving another hour.

The first of the aircraft to cross over Africa was SAA’s new Boeing 747-400, Durban, which left Heathrow airport at 7.40pm (SA time) to land at Jan Smuts at 6.50am yesterday — saving 80 minutes’ flying time.

At the controls of the aircraft were four senior SAA captains who were only told of their hush-hush new route three hours before takeoff from Heathrow. Passengers were not told.

Said Captain Alan Dros: “A lady passenger, Ann Goddard of the UK, came to the cockpit as we crossed over Portugal and told me we were going the wrong way.

“She said she had just seen the Tagus River in Portugal, when we should have been over the ocean. I couldn’t, spilt the beans about the new route in case of a last-minute change of plans, so all I said was, ‘You’re very observant, ma’am.’”

SAA is overflying the bulge

Also on board was Mrs M Penny of Durban, who was on the first flight 28 years ago that had to fly around the bulge when the OAU suddenly cancelled SAA’s overfly rights.

Captain Willem Lourens said there were no complications from the four African countries’ air traffic controllers. “We were treated just like any other foreign flights from the time we flew over Casablanca to the time we left Abidjan.”

Regarding the western route over Africa, the chief director, flight operations, Captain Mickey Mitchell, said matters would improve. “We see further reductions in flying time once relations with Angola normalise.”

Mr Van der Veer said that the shorter route, which meant a substantial saving in fuel bills, would not mean lower air fares.

“The saving is not a significant part of the total fuel bill. All it will mean is that we will be able to keep fares down for much longer.”

“We will see, which more competitive and slowly level the playing fields,” he said, hinting at cheaper ‘package fares to Europe.

He said that SAA had good relations with all African airlines, adding that Egypt Air would, in two weeks’ time, fly eight charters to Johannesburg, bringing SA Muslims back from the Haj festival in Jeddah.

And it was only a matter of time before Kenya Airways began flights to Johannesburg, he said.

Asked whether he was jubilant over the new turn of events, Mr Van der Veer said “Not jubilant, but pleased. There are however bigger and better things to come.”

“African countries have realised the benefits of co-operation with SAA and the need to join forces for economic survival.”

After Captain Dros announced the new route to passengers he received a note. “A lovely flight. Thank you. I knew you were going the wrong way — Ann Goddard.”
SAA report expected to show R120m nosedive

LINDEN BIRMS

UNAUDITED SAA financial results, disclosed unofficially at the weekend, point to a massive R120m earnings turnaround, with a loss of some R60m expected for the year to end-March compared with 1999/00 reported profits of R61m.

Spokesman Leon Els confirmed yesterday that SAA was expecting to report a loss for the period, but declined to specify the amount. He also confirmed that prospects for an improvement to the bottom line during 1991/2 were slim, with rival local airlines poised to snatch as much as 25% of SAA’s domestic passenger and freight business when the market is deregulated.

SAA spokesman Zolos Roux attributed the 1990/91 losses to the world recession and Gulf crisis.

She said the airline’s purchase of 11 new aircraft and spares, worth R3bn, had not contributed to the losses, as these payments were spread out over a number of years.

However, during the remainder of this financial year SAA would have to carry the added burden of quarterly repayments.

SAA was studying ways to cut costs, generate revenue and increase productivity, Els said.
New SAA route deal near

PERMISSION for SAA to fly a short route over East Africa to Europe could be formalized within days, cutting flying time by up to 90 minutes.

The latest signs of a relaxation of the East Africa overflow ban surfaced yesterday when a senior SAA spokesman confirmed he had learned that Sudan's government had verbally approved overnight flight rights for SAA.

Spokesman Leon Els said the airline was still waiting for the permission to be issued in writing.

Sudan is the missing link stopping SAA from flying to Europe on the route used by foreign airlines, over Zimbabwe, Zambia, Zaire, Sudan and Egypt.

On Friday evening SAA was given permission to overfly Morocco, Mauritania and Mali en route to SA from Europe, clearing the way for its first over-the-bulge flights to and from Europe in 23 years.

Being able to fly over East Africa would cut as much as another 90 minutes off the new "over-the-bulge" flying times, said Els.

SAA CEO Gert van der Veer said despite significant fuel savings on the more direct route flight, there were no plans for a cut in airfares.

Els confirmed that SAA and Japan Airlines (JAL) had held ground-breaking discussions regarding bilateral rights for flights between Johannesburg and Tokyo.

JAL have made their initial approach to us, and have gone back to the Japanese government to get final authorisation to begin flights," he said.

SAA

JAL could be the fourth Far Eastern airline this year to secure rights to begin flights to SA. Hong Kong's Cathay Pacific Airlines, Taiwan's China Airlines and Singapore Airlines have all established offices in Johannesburg in preparation for starting up services.

Talks on the reinstatement of air links between SA and Australia were progressing "extremely well", said Els.

He said a key mover behind the developments was Australian Foreign Minister Gareth Evans, who visited SA last week.

SAA was still waiting for the US government's permission to resume flights to New York.

Once gained, it planned three flights a week between the US and SA.

THEO RAWANA reports that SAA's long-haul pilots have been practising simulated take-offs and landings at New York's John F Kennedy Airport and Australia's Perth and Sydney airports in preparation for the resumption of flights to those destinations.

This was confirmed on Friday by SAA spokesman Zelda Roux.

SAA recently secured landing rights in Kenya, Madagascar and Sao Tome, and renewed ties with Ivory Coast. It also has landing rights in Namibia, Botswana, Mozambique and Malawi.
Cape study on transport

LINDA HENZE

CAPE TOWN — A delegation of transport experts has just returned from a trip abroad to study transportation possibilities for the Cape Town area, including options to the proposed Khayelitsha-Blue Downs rail link.

MEC Peter Schreiner, and Cape Provincial Administration (CPA) roads engineers Tienie Kruger and Roy Petersen visited Brazil, North America, Singapore, Hong Kong and Taipei.

The proposed 10km rail link is due to be presented to administrator Kobus Meiring within the next few weeks for decision. If approved, the proposal would then be submitted to the Transport Department.
Goedevonden farm incident: SADF involvement

400 Adv T LANGLEY asked the Minister of Defence if (a) how many (i) officers, (ii) non-commissioned officers and (iii) privates of the South African Defence Force were involved in the events on the farm Goedevonden near Venterdorp on 11 May 1991 and (b) how many such (i) officers, (ii) non-commissioned officers and (iii) privates were (aa) White, (bb) Blacks, (cc) Coloured and (dd) Indians.

The MINISTER OF DEFENCE

(a) and (b)

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<tr>
<th>(i)</th>
<th>(ii)</th>
<th>(iii)</th>
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<tr>
<td>7 officers</td>
<td>18 members</td>
<td>83 members</td>
</tr>
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<td>(aa)</td>
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Goedevonden farm incident. SAP involvement

401 Adv T LANGLEY asked the Minister of Law and Order if (a) how many (i) officers, (ii) non-commissioned officers and (iii) constables were involved in the events on the farm Goedevonden near Venterdorp on 11 May 1991.

The MINISTER OF LAW AND ORDER

(a) and (b)

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<tr>
<th>(i)</th>
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<td>0</td>
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Payments of licence fees/lugel levies: total amount

411 Mr J CHIOLE asked the Minister of Transport if the total amount paid as licence fees/lugel levies is (a) R$56 million and (b) R$564 million.

The MINISTER OF TRANSPORT

(1) During the 1990/91 financial year the State received R$56 million from the payment of licence fees. The revenue from the levy on fuel is classified information in terms of the Petroleum Products Act, 1977 (Act No 120 of 1977) and is therefore not readily available to my Department.

(2) (a) For obvious reasons, it is impossible to disclose the amounts to be allocated from 1992/93, at this stage. However, the amount which has been appropriated for 1991/92 is R$564 million.

(b) The demand for 1992/93 is not known at this stage. The demand for 1991/92 is currently estimated at R1.5 billion.

It serves to mention that the above-mentioned amounts involve provincial roads and not national roads as well.

(3) The State collected R$105.3 million through lugel fees during the 1990/91 financial year.

(4) (a) The cumulative, total backlog of the provinces in respect of the maintenance of roads is estimated at R$386 million.

(b) Approximately 65% for the 1981/82 to 1990/91 financial years.
Protest threatens over bus subsidies

GOVERNMENT has been flung into open confrontation with the Democratic Left Alliance (DLA) over the sale of subsidised bus fare subsidies.

Said to have been given an ultimatum to put an end to its plans, the DLA is demanding an end to the sale of bus fare subsidies.

The DLA has claimed that the government's decision to sell bus fare subsidies is an attempt to divert attention from the country's economic problems.

The DLA has also alleged that the sale of bus fare subsidies is a form of tax evasion.

The government, on the other hand, has defended its decision to sell bus fare subsidies, stating that it is a necessary measure to address the country's financial crisis.

It has also argued that the sale of bus fare subsidies will provide a source of revenue to fund other social welfare programs.

In a statement, the government said: "We are committed to ensuring that all South Africans have access to affordable transport. The sale of bus fare subsidies is a step in the right direction to achieve this goal.

The DLA has vowed to continue its protests and will be marching to the Department of Transport on [date] to demand an end to the sale of bus fare subsidies.

Meanwhile, the government has assured the public that it will continue to provide affordable transport services to all South Africans.
SA is up and away
ANNOUNCEMENTS about South Africa’s expanding airline links with Africa and the rest of the world are being made almost daily. Diplomatic sources say there will soon be flights to Australia and the US and SAA is shedding and acquiring aircraft. BIRNS and MARILYN KEEGAN investigate.

SAA is flexing its ailerons — particularly in Africa — as political reforms, albeit grinding, take its course. For the first time in 25 years, SAA last week flew over Africa (cutting off a distinct wedge of Africa’s bulge and saving an hour’s flying time) overflying the Ivory Coast, Mali, Mauritania and Morocco.

And SAA’s spokesman, Leon Els, told Top of The Times yesterday he predicted air links between South Africa and Australia first and then the United States, could be on the cards within the next six months.

Ausztralia’s ambassador to South Africa, Colin McDonald, said air links could be restored by Christmas if political reforms continued on track.

A spokesman from the “Australasian embassy” in Pretoria said yesterday that the first sanctions against South Africa were lifted, freeing the current traffic into and out of South Africa.

The Far East economic powerhouse — Hong Kong, Taiwan, Singapore and Japan — represent by far the largest interest area in forging stronger air links with SAA.

In the first week of July, Hong Kong’s Cathay Pacific Airlines will be the first Eastern carrier to land at Jan Smuts airport, Johannesburg. The green and white Jumbo to be flown, ironically, by an all-South African cockpit crew.

China Airlines will be second in line in September and have already begun advertising for local interest to man their own offices.

Singapore Airlines and Japan Airlines (JAL) have still to formally announce when they will begin flights to SAA. SAA will, through rights entrenched in bilateral contracts with the relevant airlines, be able to expand its services to Tokyo and Singapore. It already has regular flights to Hong Kong and Taipei.

SAA’s spokesman said that the two month-old route to Abuja in the Ivory Coast via Kinshasa in Zaire, was being re-evaluated and that if passenger demand was not high enough, the route might either be altered or worse still, cancelled.

Internal services

The service is operating at half of the permitted capacity, which represents a serious under-utilisation of the aircraft. The recession coupled with the ripple effects of the Gulf war has meant that SAA, like others worldwide, has to streamline operations to combat losses.

Within three weeks SAA will confirm its decision to sell off some of its Boeing 747s and 767s and draw its Airbus A300s and A310s from domestic service in an attempt to tailor the airline’s fleet and cut down on over-spendings.

The New Airbus A320s are the first of an initial order of seven due for delivery in November — will replace the ageing 737s and their older A300suser aircraft on regional and domestic routes.

Pacific rim

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If this happened then foreign airlines would be allowed to carry passengers and freight on routes anywhere in the region.

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The regional manager recently said he predicted Trek would probably take about 30% of SAA’s business on flights.

Trek is leasing a number of Airbus A320 aircraft, similar to those SAA has ordered, with which it will establish its services.

The service is operating at half of the permitted capacity, which represents a serious under-utilisation of the aircraft. The recession coupled with the ripple effects of the Gulf war has meant that SAA, like others worldwide, has to streamline operations to combat losses.

Within three weeks SAA will confirm its decision to sell off some of its Boeing 747s and 767s and draw its Airbus A300s from domestic service in an attempt to tailor the airline’s fleet and cut down on over-spendings.

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Cathay brings Japan closer

CATHAY PACIFIC'S direct flights to SA, beginning next month, will bring the struggling tourist trade closer to the fastest-growing market in the world — Japan.

The number of Japanese tourists heading for world destinations has grown in recent years to more than 11 million outgoing travellers a year.

The total is expected to rise by 13% this year, says Cathay Pacific marketing director Rowland Cobbold.

About 44% of Cathay Pacific's bookings on its route to Jan Smuts Airport are business travellers. Tourists make up the rest.

Mr Cobbold says "Japan could be an important market for South Africa — the potential is there."

"A good selling job will have to be done because you are far away from Japan. Japanese travellers do not like to be far from home for long."

Capital

Japan's reduction of restrictions on trade with SA and the probable lifting of the ban on investment will also increase travel between the countries.

"Japan is probably the biggest exporter of investment capital in the world," says Mr. Cobbold.

The ability of South Africans to travel to the Far East has been hit by the low Rand, but there are moves to reduce the cost of holidays in the region.

The Western Pacific region is the growth area for air travel in the next 10 years. Cathay Pacific has been watching flights between Hong Kong and SA for two or three years and has grown steadily off a low base.

"We did the sums and the SA route looked good!" Mr Cobbold says Cathay Pacific is looking for a 70% load factor on the new route and he is satisfied with early bookings.

The first flight is almost fully booked and other bookings are coming in steadily. "Some flights are heavily booked and others are weak. But every time we open a route, we find traffic increases once the first flights have landed. You need the product on the shelf."
SAA may start day flights to Europe

By ROGER MAKINGS

SAA may begin daylight flights to some of its European destinations when the airline gets permission to overfly the Sudan.

This week SAA made major changes to its European timetable to retain arrival slot times at busy foreign airports.

The aircraft, since they began overflying western Africa last weekend have cut an hour off their flying time. This meant leaving Jan Smuts an hour later so as to land at congested overseas airports at the appointed time.

Some flights have had to leave Jan Smuts as late as 10.30pm and a Cape Town-London flight after midnight.

Permission to overfly the Sudan will chop another hour off flying time which will mean taking off even later at night and which may not suit some passengers who face long waits before leaving.

The airline is trying to negotiate new arrival slots, but this can take time, and may not even be possible.

"No decision has been taken to overfly the Sudan", said John Cronje, SAA media manager.

If changes can be made, the flights most likely to be affected will be those to the tourist destinations of Paris, Vienna, Milan, Tel Aviv and Lisbon where it would also be easier to get new slot times.

The business destinations of London, Frankfurt and Zurich are not likely to be changed as businessmen, who make up more than 60 percent of the revenue gained on these flights, prefer to travel overnight so as not to lose a working day.

Another consideration for businessmen is connecting flights which are more frequent during the day than early evening.

Miss Roux said the benefits of daylight flights were that passengers would not be jet-lagged on arrival and that aircraft could leave again the same night resulting in greater productivity.

Stop-overs

She added that some stop-over routes may also be affected as in the case of the Zurich-Tel Aviv flight which could become two separate flights.

The airline was in constant contact with travel agencies and its frequent flier program to indicate if there was a demand for daytime travel, she added.

Mr Ron Haywood, deputy director-general of the SA Chamber of Business, said although most businessmen, to whom time was of the essence, would prefer overnight flights, he was sure that a percentage would like the option of daytime flights.

"This would be particularly true of group travel where business was combined with pleasure or weekend departures when nothing could be done on arrival anyway.

He said day flights were more relaxing and entertaining and gave businessmen a chance to socialise with colleagues.

Mr Haywood didn't think the later departures would worry most businessmen who would merely eat at home, enabling them to get to sleep that much sooner on board the aircraft.

Mr Rodger Butt, a director of a major travel agency, said he felt sure businessmen would appreciate the option.

"I prefer day flights, as they are more relaxing."
200 kitscops keep watch on stations

Crime Reporter

TWO HUNDRED special constables were deployed at railway stations throughout the Peninsula at the weekend as part of a police and Rail Commuter Corporation plan to halt violent crime on commuter trains and station/platforms.

This was disclosed yesterday by police spokesman Major Gys Boomzaier, who said the special constables would first undergo a three-month in-service training stint before being posted at newly established police stations at several railway stations.

The recruits, who will be supervised by the SAPolice's Mobile Unit, will also do duty on trains.

Major Boomzaier said that since their deployment on Saturday, several arrests had been made.
NSRC to be investigated

Own Correspondent

Johannesburg. — Allegations that the National Road Safety Council was a failure prompted a government investigation into the council's role, Transport Department deputy director Mr Malcolm Mitchell said yesterday.

More than 200 road deaths were recorded at Easter this year – no reduction from the previous two years.

Mr Glenn Babb (NP nominated) said the NRSC spent R25 million a year, mostly on public relations instead of on training, law-enforcement and other executive actions.

Transport Minister Dr Piet Welgemeed recently announced that the NRSC could be included in a restructuring of the department that was already under way.

A road safety expert said yesterday that the one common denominator in the poor safety record on South Africa's roads was the NRSC and its relationship with the government.

"The Road Safety Council has shown a remarkable ability in keeping aloof and avoiding any form of criticism."

He said virtually all road safety inquiries made by the public to the government were referred to the NRSC, which in turn failed to respond.

Politicians who refused to take responsibility for the chaos on South Africa's roads should be shown up for what they were, he said.

NRSC director Mr Eric Wise was not able to elaborate on a possible restructuring programme, but said critics largely misunderstood the workings of the council.

Mr Wise said the NRSC spent only R1.2m of its budget on public relations, a function which was absolutely necessary to keep the public informed.
HOUSE OF REPRESENTATIVES

INTERPELLATION

The sign * indicates a translation. The sign †, used subsequently in the same interpolation, indicates the original language

General Affairs

Road transport: deregulation

* Mr M N ISAACS asked the Minister of Transport—
(1) whether he intends deregulating road transport, if not, why not, if so, when,
(2) whether he will make a statement on the matter?

C113E INT

*THE MINISTER OF TRANSPORT Mr Chur- man, the hon member asked me whether I intended to deregulate road transport, and I am pleased to reply to him.

At present road transport in South Africa is being deregulated in accordance with a comprehensive programme in terms of the White Paper on National Transport Policy. The policy of deregulation is based on improved safety in the transport sector and in order to accomplish this improved safety, many preparatory steps have been taken. Legislation has already been placed on the Statute Book and partially imple- mented. Here I am referring specifically to the Road Traffic Act of 1989 which came into operation in 1990, with the addition of the private testing station element of the Act early in 1991. These were the first steps towards the creation of a foundation for the policy of dereg- ulation.

The next steps on the programme comprise the establishment of the National Traffic Information System and the registration and monitoring of authorised officials. The most important element of the system is the registration of the operator of a vehicle that is used to convey passengers or goods.

Chapter V of the Road Traffic Act, 1989, which is at present not in operation, determines that an operator must be registered in respect of every motor vehicle conveying passengers or goods. If an operator is registered in respect of a vehicle, such a person will no longer require a permit, in terms of the Road Transport Act on Act of 1977, to convey goods or passengers.

The registration of operators of freight vehicles will commence in July 1992 and will be fully implemented by July 1993, and the registration of operators of passenger vehicles will commence in July 1993 and will be fully implemented by July 1994.

The proposed regulations that deal with the registration of operators are being circulated for comment so that they can be finalised. The proclamation that brings Chapter V of the Road Traffic Act into operation, as well as the final regulations dealing with the registration of freight vehicle operators, will appear in the Government Gazette during September 1991.

This brings me to the second part of the interpolation, namely whether I shall make a statement on the matter. I shall do so with pleasure. This will probably also be the last opportunity I shall have during this session to do so.

Safety is our first priority. With this in mind we have also been looking at technical and economic deregulation, where applicable. All technical adjustments will have to be made in terms of safety.

A study was undertaken with a view to deter- mining what regulation adjustments were re- quired, and as a result of this it was agreed to amend the road traffic regulations to ensure that the maximum width of a vehicle, as well as the maximum height of a vehicle, was reduced. The maximum width of a vehicle was reduced from 2.5 metres to 2.6 metres.

As a second step, we looked at the maximum permissible height. In this regard, an increase from 4.1 metres to 4.3 metres will be imple- mented shortly. [Time expired]

*Mr M N ISAACS Mr Churman, we are aware that there have been many complaints over the past 10 years, and that this problem required an amending bill arising from the Welgegund Commission's report in this regard.

I am aware of all the procedures that are in operation. However, I have a problem with regard to passenger transport. It has not been deregulated yet, but it is worrying that permits are issued so easily over the counter these days. It is worrying in the sense that all the permits that lie around and that are no longer used, as well as the large number of vehicles, are present in the rewards among the Blacks.

I want to know from the hon the Minister whether the time has not come for proper discipline to be implemented with regard to the present system. There are so many permits, and there is not the same degree of traffic. The result is that these permits become an article which can be bought. Some people also make money even though they know what to do with them. With regard to deregula- tion I should like to refer the hon the Minister—I cannot read it now, because my time is too limited—to something which he has already done with regard to road transport and the commission report which led to the 1987 White Paper. I think I am correct in saying that here I quote from Chapter V, paragraph 8.1.

Daar is wie aanvaarding van die ontspanning dat privatisering en deregularising in bane op- sigte nou verwant aan inkoop in Nieu-Nederland is die twee begrippe daadlik onderskeidelik Veronderling van die openbare sektor se aandeel in die ekonomie en 'n minimum Staatsmenging bevorder de optimale funksionering van die markmechanisme en self- regulering.

This is the core of the matter. While it did get road transport off the ground, we have to ask whether this was the right way. I know I was initially very strongly opposed to the Welgegund Commissi- on, but I was not so let-sighted as to realise what the Wilson Commission was trying to introduce. No matter how hard we try, we shall never be able to replace mass transport by kombi transport. This is an uncontrollable fact. There will always be mass transport. Unfortunately we know that when the kombi transport came in, we felt that this was an unnecessary step for the man who is unemployed to earn a piece of bread for his family. It was a way for him to earn his bread. However, what happened with this kombi trans- port? What happened, Mr Churman?

[Time expired]

*Mr C B HERRANDEN Mr Churman, I want to tell the hon the Minister that deregulation of road transport, if it can take place in an orderly way, is a prerequisite to solving the problem of the intercity transport. When we have a general acceptance of deregulation, we cannot allow certain companies to have monopolies.

In our case the local road transportation board must issue a permit. It issues the permit, but then an appeal is made and it goes to the National Transport Commission, which deals with the appeal. I can mention the Chilwans Bus Service as an example, which had to pay a total of R75 000 in legal costs alone, simply because the intercity transport had not yet been deregulated.

In view of this I want to ask the hon the Minister to deregulate intercity transport, but to ensure that the norms and standards will be maintained. We should always have properly maintained vehicles on the road. I am not appealing for there to be busses all over the place that do not comply with safety requirements. Let me once again refer to the Chilwans Bus Service, which had two luxury coaches built at a cost of R1 million each. As a result of the fact that we have the two luxury coaches may operate and keep the permits, this man is saddled with these busses. This is not good for the economy.

If we want to deregulate intercity transport, we must ensure that the quality of service is main- tained. We must ensure that we give the con- sumer a better service. [Time expired]

*THE MINISTER OF TRANSPORT Mr Chur- man, I want to continue with what I was saying initially.

Thirdly, we are looking at vehicle lengths. All the pros and cons are being assessed. The right decision has to be made whether or not we should permit longer vehicles, with due regard to traffic safety as a point of departure. All these changes will only be made after it is clear what aspects such as safety will not be endangered.

The department is also engaged in a thorough investigation into the matter of axle loading on our roads. After this investigation has been completed, all interested parties will be involved before a final decision is taken.

*Until such time as we amend the regulations, I must point out that the existing regulations are being applied. Road transport is continuously being reviewed to allow greater vehicle measurements and heavier axle loads. However, over- loading is a problem we must seriously address at present. I remain committed to putting an end to the curse of overloading. Before this serious problem is solved, further deregulation cannot be implemented immediately.

Finally—and this already partially answers the hon member for Macassar's question—I want to mention that we are at present investigating..."
Further concessions in respect of greater freedom—in other words, deregulation—for long-distance passenger and freight transportation. I hope to complete this before the end of this year and to encourage tourists and other people who do not have access to rail or road transport to make use of bus services as an alternative for long-distance travel, particularly in cases where Transnet and its affiliate, Spoornet, have decided to cover only certain routes.

In reply to the question of the hon member for Macassar, I say we are specifically engaged in examining the problem which he addressed here by mentioning the name of a specific company as an example. In other words, we are talking about transport from here to Johannesburg or Port Elizabeth, or from Port Elizabeth to Johannesburg or Durban etc [Time expired]

"Mr M N ISAACS: Mr Chairman, I want to link up with the hon member for Macassar's about norms and standards

I encountered a very interesting thing when I was in America. I saw that every taxi owner and taxi driver had a book of rules. So many people have permits, but in many cases these people do not know what they should do or what they may do. They are not equipped with proper knowledge. So something like this should be introduced in another country I stood in New York and looked at many of the taxi drivers and I was amazed at the discipline that is maintained there. They may also have their problems, but each one of them—the driver as well as the owner—has a book of rules.

As far as norms and standards are concerned here, one encounters people who have no conception of what they may or may not do. The things that are given in this book of rules are very important and interesting. One should be able to look at the regulations that are given in the "Taxi Cab Driver's Rules". It states, for example

A passenger, Any individual who has hired or attempted to hire a taxi for travel or destination

They talk about a rent card, a renewal application and a medallion, which is actually our permit

*If every taxi driver had such a book, he would immediately know what his rights were. He would immediately know what he may do and what he may not do. Unfortunately we also have the situation—I regret having to say so—that although there has been work as far as the taxis in the Black community are concerned [Time expired]

"The MINISTER OF TRANSPORT" Mr Chair-

man, I am very grateful to the hon member for Bishop Lavis. He dealt with two very important points which I should like to support here:

Hon members should really forget that I wrote certain things 10 years ago that are now true. I undertake to place immediate emphasis on one important point mentioned by the hon member. The hon member is in my opinion correct when he says that we need a manual I undertake that my department, together with sponsors, will write a manual with regard to what he asked for [Interjections] I want to thank the hon member very sincerely for raising such an important point. I fully support that point.

The second point I should like to mention here is that kombi taxis have never been regulated. They did not want to be regulated I agree that at the moment this is the way it looks to me if I interpret the information passed on to me correctly—that at present there are too many vehicles for too little work. This leads to problems I shall be holding discussions with the representatives of the kombi taxis, to see what we can do to help those people who have invested billions in that industry to work, because at present they are experiencing a survival crisis. And who is going to suffer as a result of this? The passenger will suffer, because in the long run everything has to go towards the commuter. As far as my department and myself are concerned the commuter is the most important person. The effective important party is the person who is going to transport the commuter, whoever he may be, whether he does so by train, taxi or bus. However, the commuter remains the most important person.

At present I am holding discussions with some of the trade unions, representative organisations and political parties with the specific objective of examining how we can ensure the safety and convenience of the commuter, as well as the affordability of his transport. This remains our objective. After that we shall address this issue, but meanwhile I accept the proposal of the hon member for Bishop Lavis that we should take another look at whether we should introduce a certain degree of regulation [Time expired]

Debate concluded

HOUSE OF DELEGATES

QUESTIONS

(t) indicates translated version

For written reply

General Affairs

1991 census: enumerators' salaries

16 Mr S NAIIDO asked the Minister of Home Affairs

(1) Whether race was used as a criterion to determine the salaries of chief enumerators and enumerators employed during the 1991 census, if so, (a) why and (b) what rates of remuneration applied to (i) chief enumerators and (ii) enumerators of each population group, if not, what rates of remuneration applied to (a) chief enumerators and (b) enumerators.

(2) Whether different rates of remuneration applied in respect of (a) chief enumerators and (b) enumerators employed in (i) urban and (ii) rural areas, if so, (a) why and (b) what rates applied in each case.

(3) Whether any chief enumerators or enumerators were reimbursed for travelling expenses, if not, why, not if so, what are the details.

(4) Whether maximum or minimum distances were laid down for chief enumerators and enumerators to qualify for reimbursement of travelling expenses, if so, what were the distances involved.

(5) Whether these maximum or minimums had been brought to the notice of enumerators before they commenced their census duties, if not, why not?

D171E

The MINISTER OF HOME AFFAIRS

(1) No

(a) and (b) Fall away

(aa) R60.00 per day in respect of the number of days allocated

(bb) R50.00 per day in respect of the number of days allocated

A number of days was allocated to each enumerator area according to the size of the area, the number of existing points in the area and whether it is an urban or a rural area.

“(2) No, the same rates applied

(3) Yes Distances travelled are reimbursed at current rates in respect of the use of private vehicles as prescribed by the Department of Transport in Circular No 29/1 of 7 February 1991

(4) No It was, however, pointed out to the Enumerators/Chief Enumerators that distances travelled should be limited to the essential. In order that theEnum in most cases maintained unjustified claus together with prudence regarding government expenditure, in terms of about 100 km (Chief Enumerators and enumerators in urban areas), about 400 km ( Enumerators in rural areas) and about 200 km (Chief Enumerators irrespective of the area) were set. The claims exceeding these limits are being referred to the Census Controllers for accountable confirmation. If the Controller cannot confirm the distances claimed the claim is referred back to the Enumerator/Chief Enumerator to obtain a sworn statement that the distance was indeed travelled for enumeration purposes

(5) Falls away

Attacks by dogs: statistics

21 Mr M RAJAB asked the Minister of Planning, Provincial Affairs and National Housing

(1) Whether his Department keeps statistics on the number of attacks that have been made by dogs on human beings, if not, (a) why not and (b) which Government Department has responsibility in this regard, if so, how many such attacks were made during each of the latest specified three years for which the information is available.

(2) Whether it is his intention to introduce legislation relating to the control or importation of certain breeds of dogs that have been found to have so-called killer instincts, if so, what is envisaged in this regard.

(3) Whether he will make a statement on the matter.

D210E

HOUSE OF DELEGATES
Call to drop Verwoerd’s name from PE airport

From PAT CANDIDO
The Argus Bureau

PORT ELIZABETH. — Why should the airport here be named after the architect of apartheid, Dr H F Verwoerd?

Township community leaders here have repeatedly called for the name to be changed because it evokes bitter memories.

South African Democratic Teachers’ Union secretary Mr Ampie Williams would like the airport named after Cradock community leader Mr Mathew Gomwe, who was murdered near Port Elizabeth in 1985.

Democratic Party, regional organiser and city councillor Mr Bobby Stevenson would the
SA's nine state airports could still be privatised, depending on recommendations from a group of consultants, the Directorate of Civil Aviation (DCA) says.

Price Waterhouse of London and locally based consultants Lextran are conducting a joint study into future management strategies for the airports.

The state airports are situated at Cape Town, Johannes- burg, Durban, East London, Port Elizabeth, Kimberley, Bloemfontein, Upington and George.

This study, and another into the restructuring and privatisation of SAA, is being conducted on behalf of a government inter-departmental task group, who are expected to complete their reports by early next year.

DCA chief director Ida Smit said yesterday privatisation was still an option to be considered for the airports.

In March, former Transport Minister George Bartlett said government had decided to commercialise the state airports.

This would have involved continued state ownership but through state companies run on a profit-making basis.

According to Smit, six possible models, based mainly on European airport management structures, were being studied.

These included privatisation of individual airports and the privatisation of groups of airports.

Sources close to new Transport Minister Piet Welfooed said the minister was anxious to begin restructuring as soon as possible.

If the draft amendment to the current relevant legislation was completed before the end of October, then it could be tabled and passed by Parliament next year, and implemented by 1991, the source said.

The two consulting firms will report to the task group comprising representatives of the departments of Transport, Public Works, Defence, Finance and Commission for Administration.

Sources said Welfooed was reconsidering a proposal by Meriden Projects to lease a portion of Jan Smuts Airport and to build a five-star hotel, 25 000 m² of offices, a 3 000 bay park-

ing lot and a conference centre on the site.

The proposal, known as the Technoforum Project, was initially presented to former Transport Minister George Bartlett on behalf of the Engineering Forum of SA.

Meriden MD Errol Friedman, who presented the proposal, said yesterday the entire development project would cost about R320m.

He said Meriden was also willing to take over the refurbishment of the existing airport buildings at Jan Smuts, adding at least another R200m to the total costs.

Smit said the proposal had been studied, but that no decision would be made until a decision on the future ownership structure of the airports had been taken.

The Transport Department is spending R69m on upgrading existing airport buildings, but sources say this is a conservative estimate, with the actual costs at least 40% higher due to inflation and unforeseen expenses.

JSE

Martin Irish, an outspoken critic of the exchange's costs.

Costs and the JSE's public image are said to have played a part in the election of new committee members from Simpson McKee, Lowenthal & Co. and Turner Paterson Faure.

Committee members were reluctant to discuss likely committee strategy in any but the most general terms yesterday evening. A common thread was the need to contain costs and to deal with the structural and regulatory changes which the JSE is likely to face in the coming years. Satisfaction was expressed at the committee's representative nature.

The new committee members are Dixie

Unidev

make these businesses tidier and more efficient and to dispose of peripheral companies.

R86.8m, compared with a profit of R11.6m in the previous year, arising mainly from losses incurred by Corteche. It had contribu-
serious about turning around the State airports. He quickly revived his offer after Welgemeed's appointment and was impressed by the response from the new Minister "He knew about our project and told the foundation that he had the original proposal on his desk."

The foundation's involvement dates back to 1985 when it wanted to establish a technoforum (a conference and exhibition facility) at Jan Smuts and persuaded then-President PW Botha's Cabinet to agree to lease the airport. But it couldn't raise the money for the project so it approached Friedmann, who got financial commitments for R600m and made his offer to Bartlett. One of the components of his proposal is a technoforum

Welgemeed probably won't act on Friedmann's offer until the Price Waterhouse report and other proposals on how to upgrade Jan Smuts are examined. He has called for suggestions "from all interested parties."

Stewart Huckell, the Department of Transport's director of Airport Systems & Development, says Price Waterhouse has already spent a week analysing Jan Smuts' financial situation. The firm recently completed a study for government on how SA Airways should be restructured for deregulation and several of its far-reaching recommendations were quickly approved.

Welgemeed's initiatives could mean that private enterprise will be running most of the country's airports in two years. But the necessary involvement of other government departments could delay progress. So far his own ministry, the Ministry for Economic Coordination & Public Enterprises, the Directorate of Civil Aviation and its Airport Task Group are all playing a role.

While government studies the commercialisation of its airports, the R50m redevelopment of the newly privatised Lanseria Airport north-west of Johannesburg is proceeding. A 50-50 partnership consisting of Sandgate Investments and a consortium led by Merdien bought the airport from the Transvaal Provincial Administration and the municipalities of Roodepoort and Krugersdorp (FM April 5).

Initial investigations show that the airport is far more viable than the partnership thought while it was negotiating the deal, Friedmann says.

"We took over the airport on May 1 and have started some minor improvements. A major new terminal is needed and the old one should be converted to office space. We are conducting a market survey to identify the need for additional facilities, particularly for airfreight, which we will include if viable. Our master plan, which could take six months to complete, will be based largely on those findings."

Lanseria has 70,000 m² of hangar space and Friedmann believes there is a demand for an additional 100,000 m².

Meanwhile, the R69m upgrading of Jan Smuts that began last year is on schedule and should be finished by the end of 1993. The project has faced harsh attack, with private-sector critics saying the proposals were outdated before work began and that the airport needed a much more ambitious revamp. Huckell says the improvements are now expected to cost R100m because of additions, unforeseen problems and inflation.
**INDUSTRIAL LAND**

**FM 21/6/91**

**DURBAN NEEDS ROOM TO GROW**

Durban is said to be one of the fastest growing cities in the world. But urban planners say its growth, in terms of providing enough jobs for its expanding population, is being stifled by a chronic shortage of suitable industrial land.

This has led industries to cast their eyes over the hundreds of hectares of State-owned property that are largely under utilised in the greater Durban area.

Two sites being targeted are the Department of Transport (DoT)'s Louis Botha Airport, south of the city, and the proposed airport site at La Mercy on the North Coast.

Work on a new international airport at La Mercy to replace Durban's outmoded Louis Botha was stopped at the earthwork stage in the mid-Seventies when funds ran out. The Government has made no headway with new or alternative plans since then.

Industrialists want the department to stop dithering and reserve at least one of the sites for industry. They would settle for either, though Louis Botha is a natural extension to the industrial area south of Durban.

Industrial land is at a premium around Durban and, with little new land available for development, rentals are pushing through the R100/m² mark. The land shortage is now starting to hurt the local economy.

Industrial and Commercial Property Group's Chris Winter says: "Higher concerns that cannot absorb rent increases are already beginning to move out of Durban. The situation will get worse if there’s an upswing in the economy or if interest rates drop."

New investment in Durban, particularly by manufacturers who want to set up operations near the port, is being hampered by the land shortage and high rentals. Winter says some of his clients have chosen to locate on the Reef and pay the transport costs to Durban because they can get better deals and more suitable sites in the Transvaal.

"It would help Durban tremendously if the department either went ahead with its proposal to build a La Mercy airport, so releasing land at Louis Botha for industrial development, or upgraded Louis Botha and sold the La Mercy site to industrialists. By doing that, government would recoup a lot of its costs," Winter says.

What does the department say? The short answer is "no way." But there might be some in the long term if plans to commercialise the country’s nine State airports proceed next year.

The DoT’s Stuart Huckwell says government is not prepared to consider releasing land at either site at this stage. But he has just completed the first of a two-part study that assesses the present and future capacity of Louis Botha, which he will be handing to Transport Minister Piet Wilgenberg shortly.

The second part of the study will project the growth rate in passenger traffic at Louis Botha. After this is completed this year the department will be able to decide whether to expand Louis Botha or to develop a new airport at La Mercy.

"We hope to present government with scientific and engineering evidence of what Louis Botha’s future demands will be, giving a figure, in today’s terms, of what it will cost to develop the airport to meet expected passenger growth," Huckwell says.

He is unable to divulge the contents of his initial report until it has been seen by government. But the history of the saga suggests that the State will probably continue injecting funds into Louis Botha to enable it to cope with increasing demand, while it holds on to its La Mercy site to keep its options open.

The latest projected completion date for the new airport is 2011.

This is not encouraging news for those who want to see idle airport land rezoned for industrial use. But one glimmer of hope is the scheme announced this year by former Transport Minister George Bartlett to commercialise the country’s airports.

Says Huckwell: "Government intends making airports separate and self-financing business entities, free to take loans on the capital market and attract private sector investment to finance development."

He says a profitable airport authority could raise sufficient funds from both the market and private investors to develop a new airport, such as La Mercy. "Insufficient funds have been the reason for La Mercy not going ahead. This may change once airports are commercialised," he notes.

Industrial developers, however, should not expect too much. Transnet, with the possible exception of its harbour division Portnet, has not been quick to capitalise on commercialisation or put its surplus land to use.

The most probable outcome is that the DoT will eventually sell its La Mercy site to industrial developers.
In 1 murder 1 person was charged, found guilty and given the death sentence.

In 5 murders 31 persons were charged and found not guilty.

In 1 murder 4 persons were charged. One person was found guilty and given the death sentence, 2 persons were found not guilty and the charge against another person was withdrawn.

In all these instances the persons were charged with murder.

In the remaining 93 alleged deaths the information which the hon member furnished is insufficient. No record can be found of these alleged deaths. Should the hon member have more information at his disposal, it will be appreciated if he will convey such information to the Commissioner of the South African Police or myself.

Because conflict between opposing groups has been rampant for some years and the names of persons who have been charged in these cases, are to be charged or against whom the charges have been withdrawn, could result in revenge actions being taken against such persons and/or their next of kin.

It is, therefore, not in the interest of law and order to make public the names of these persons I trust that the hon member will appreciate this point of view.

The STATE PRESIDENT

(1) and (2) The hon member is referred to my replies in Parliament on 5 March 1991, 12 March 1991 and 9 April 1991 I reaffirm once again the point of principle, namely that denial in certain cases may lead to a situation in which inter referrals to provide information in other cases because it would not be in the public interest to do so, could be construed as admissions.

Commuter trains to Jhb: arrangements for Soweto passengers

Mr G C ENGEL asked the Minister of Transport

(1) Whether, since a date early in June 1991, certain trains travelling from Vereeniging and Oberholzer to Johannesburg and back during peak morning and evening commuter hours, started to pick up passengers in Soweto, if so, since what date.

The MINISTER OF TRANSPORT

(1) No

(2) and (3) Falls away

(4) No

The MINISTER OF TRANSPORT

The MINISTER OF NATIONAL HEALTH

(1) and (2) There were 198 medical schemes registered in terms of the Medical Schemes Act, 1967, as at 25 June 1991

Apart from the five medical schemes controlled by the State under other legislation, referred to in section 2 of the Medical Schemes Act, 1967, there were also 40 schemes registered in terms of the Labour Relations Act, 1956, as at 25 June 1991

Health in RSA: division of total amount budgeted

Mr M J ELLIS asked the Minister of National Health

(1) What total amount has been budgeted for health in South Africa in respect of the latest specified 12-month period for which figures are available and (b) how much of this amount has been earmarked for (i) primary health care, (ii) secondary health care, (iii) tertiary health care and (iv) any other specified division?

The MINISTER OF NATIONAL HEALTH

(1) The total amount budgeted is R130 370 000 and

(b) only the total amount is available. The financial information is presently constructed in such a way that it cannot be subdivided into amounts for primary, secondary and tertiary health care.

Training of medical doctors: cost per annum

Mr M J ELLIS asked the Minister of National Health

(1) What is the cost per annum of training a student to become a medical doctor.

The MINISTER OF TRANSPORT

The MINISTER OF NATIONAL HEALTH

(2) how many medical doctors were in (a) private practice and (b) State employ in each of the provinces as at the latest specified date for which information is available?

The MINISTER OF NATIONAL HEALTH

(1) The cost per student is estimated at R25 000—R30 000 per year.

(2) the number of medical practitioners in each province in (a) private practice and (b) Public Service—June 1990

Province Private Practice Government

Transvaal 5 745 2 981

Cape 3 267 2 238

Natal 1 956 1 222

Orange Free State 689 472

Certain banks: SA Rand Commuter Corporation

Mr W U NEL asked the Minister of Transport

(1) Whether, with reference to his reply to Question No 7 on 30 April 1991, he will now furnish information on how much money the South African Rand Commuter Corporation invested with a certain bank, the name of which has been furnished to the Minister's Department for the purpose of his reply, if not, why not, if so, (a) how much, (b) on what terms, (c) who took the decision to make the investment and (d) what is the name of the bank concerned?

(2) whether, in the light of either possible losses of money as a result of the aforementioned investment or possible delay in recovering the funds so invested, he will take steps to supplement the funds of this corporation, if not, why not, if so, (a) what steps and in (b) what time frame?

(3) when is the report of the Auditor-General in this regard expected?

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

The MINISTER OF NATIONAL HEALTH

(1) The matter is sub judice, but certain information will however be provided.
(a) Approximately R247 million
(b) A total of 34 separate investments were made during the period, which have not been investigated by the Auditor-General. Each investment has its own conditions in terms of different investment amounts, investment periods and market rates which were in force on the day on which the transaction was concluded.
(d) Cape Investment Bank Ltd
(2) No specific steps are currently being taken.
(3) An interim report was made available on 8 May 1991 by the Auditor-General. A final report is expected within the near future.
(4) No, not at this stage.

**Toll roads: agreements with two companies**

494 Mr W U NEL asked the Minister of Transport:

1. Whether, with reference to his reply to Question No 345 on 21 May 1991, his Department and/or the South African Roads Board has entered into any agreements with two companies, the names of which have been furnished to the Minister's Department in respect of his reply in regard to past and future construction work on, maintenance of and/or management of toll roads, if so, what are the names of the companies concerned,
2. Whether any loans have been taken over in terms of the above-mentioned agreements, if so, (a) what loans, (b) what did these loans amount to and (c) what are the relevant provisions in respect of repayment and interest on the loans,
3. Whether these companies will be responsible for any further construction work on or maintenance of the toll roads concerned, if not, why not; if so, how will such future construction work and/or maintenance be financed,
4. Whether he will make known the terms and conditions of the management agreements with the said companies, if so, (a) when and (b) in what way,
5. Whether any other companies will be afforded the opportunity to make offers for the management of the toll roads concerned, if not, why not, if so, what are the relevant details?

**Own Affairs**

**Grey Schools: judgement regarding works contracts**

37 Mr E W TRENT asked the Minister of Welfare, Housing and Works:

1. Whether, with reference to his reply to Question No 47 on 25 April 1991 in regard to contracts for works awarded in respect of the Grey Schools in Port Elizabeth, he will make details available of summary judgement in Case No 2907 handed down by Mr Justice Jansen in the Port Elizabeth Supreme Court on 12 December 1990, if not, why not, if so, (a) who was the (i) plaintiff and (ii) defendant, (b) what was the amount involved and (c) in connection with what contract was the judgement given,
2. Whether he has information on whether certain companies, the names of which have been furnished to the Minister's Department for the purpose of his reply, have been declared insolvent at any time, if so, what are the relevant details in respect of each such company?

**The MINISTER OF WELFARE, HOUSING AND WORKS**

1. Although the Department of Local Government, Housing and Works was not involved in the said Court Case and the Case does not concern the Grey Schools in Port Elizabeth the following details were obtained from the Registrar of the Port Elizabeth Supreme Court:
   (i) Messrs Franklipale South Africa (Pty) Ltd
   (ii) Messrs Koon's Executive Contractors C C
   (b) R93 573
   (c) Uitenhage, Bergsig High School
   (d) These future arrangements regarding construction and maintenance of the toll roads presently managed by the two companies are the subject of a review currently being undertaken
   (4) and (5) I will only be in a position to reply to these questions when the review mentioned above is completed.

**Teaching posts: number to be established**

90 Mr R M BURROWS asked the Minister of Education and Culture:

1. Whether he or his Department has made any calculations regarding the number of teaching posts that will have to be established in 1992, if not, why not, if so, what is this number,
2. Whether he will make a statement on the matter?

**The MINISTER OF EDUCATION AND CULTURE**

1. Yes, this matter is receiving continuous attention. However, it is not possible to finalise calculations of this nature at this stage.
2. No.

**School chess championship: withdrawal of school**

92 Mr R M BURROWS asked the Minister of Education and Culture:

1. Whether he or his Department has been informed of an incident in which an English primary school was forced to withdraw from a chess championship hosted by another primary school, the names of which have been furnished to the Minister's Department for the purpose of his reply, allegedly because the former school had two black members in its chess team, if so, what are the names of the schools in question,
2. Whether he has investigated this incident, if not, why not, if so, (a) what progress has been made in this investigation and (b) what have been the findings so far,
3. Whether the action of the schools concerned violate the principles of school participation and the hosting of schools with pupils of colour as formulated after the so-called Menlo Park incident.
SAA takes affirmative action with employees

SAA has initiated a wide-ranging affirmative action programme to forestall actions which might be imposed by a future government.

An airline spokesman confirmed at the weekend that more than 1300 employees had been put through literacy development courses in recent months.

The spokesman said SAA's earlier attempt to follow its own affirmative action programme had been hindered by the severance of international air links between SA and the US and Australia.

"When the sanctions were implemented, SAA had to rationalise and put a freeze on new employment, especially in the management level as we had to find positions for management pulled back from the US and Australia," the spokesman said.

The airline has also begun recruiting and training cabin attendants and technical apprentices of all races, he added.

He said promotion through the ranks was decided on merit and performance, and that the airline was successful in instilling its corporate culture within the staff at all levels.

"If we had not begun the programme sooner or later it would have been imposed on us," he added.

SAA is in the process of restructuring prior to privatisation.

This involves making the airline commercially viable and profit-oriented company free from government and semi state subsidies.

In the long term SAA, as a private company, will probably apply for a JSE listing, but this would be at the discretion of whoever the new shareholders are," the spokesman said.

In terms of the new structure, the international and domestic divisions will not be allowed to cross-subsidise one another.

The spokesman predicted the recent losses incurred by the domestic service would not deter potential investors from buying shares in the airline.

"Despite the losses, the domestic service poses less of a risk than the international division. This is because only one economy is involved, so it's easier to predict market trends," he said.
Waterfront concern seeks joint ventures

CAPE TOWN — Transnet, which has already invested R200m in the waterfront development at Cape Town harbour, wants future projects to be undertaken on a joint venture basis.

Prof Brian Kantor, chairman of the Victoria and Alfred Waterfront Company (V & AW), a Transnet subsidiary to which the corporation has leased the land in the harbour, says V & AW has been told by Transnet to fund further development through partnerships and public participation.

V & AW’s contribution to any joint venture would probably be the land it has leased from Transnet and professional and management skills.

Projections

Kantor believes it is unlikely that the transport corporation would be willing to invest more cash in the project, though this did not mean there was any unhappiness over the investment made so far.

Transnet has set aside about 80 ha for redevelopment and has committed about R200m for the development of infrastructure, conversion of buildings and the Victoria Wharf, which is a specialty market place of about 27 800m² due to be completed by end-1991.

Transnet Group GM Thomas Greff said the rentals and turnovers being achieved were above the projections for the initial phase, and were encouraging for the prospects of the Victoria Wharf “interest in leasing retail accommodation is keen.”

He said people were flocking to the Waterfront and Transnet was satisfied with the progress so far.

Regarding Transnet or Transnet Pension Fund participation, he said all future developments would be evaluated on merit. The involvement of equity partners for selected developments would also be considered.

The capital for the project was raised on the capital market during the course of Transnet’s normal activities.

Greff said the loans were partly financed by the rental stream earned by V & AW but that as the property’s initial yield was less than current interest rates, the balance of the interest was being funded by the corporation.

Apart from generating an income stream, which by its nature will take some time before it starts flowing strongly, the other benefit for Transnet is the significant capital appreciation of formerly unused land.

The first phase of the development started in April 1988, in which Transnet invested R62m in new infrastructure such as roads, new buildings, water supplies and sewerage, has been completed.

A hotel, theatre, pubs, restaurants, and a retail centre were also developed.

Presently under construction is the R106m second phase to complete the core area and convert the old warehouse into a specialty retailing and entertainment centre, with restaurants.

The Graduate School of Business is spending R46m on converting the old prison into a new school with lecturing and residential facilities, and V & WA is planning a R100m office park.

Further down the line is a R20-R30m aquarium to be developed by a private sector consortium and planned for completion by mid-1993.

A second 150- to 200-room hotel adjacent to the Victoria Wharf, and facilities for a steam train to travel from the harbour to the winelands, up the Garden Route and to Simons Town are also in the pipeline.

Also planned, says V & AW MD David Jack, are a basin for small craft and a residential complex overlooking a new marina. He adds that the project is entirely market driven and will take about 10 to 15 years to complete.

If the popularity of the Waterfront so far is anything to go by, the rate of return for Transnet is likely to be attractive.

Since it opened in December, an estimated two-million people have visited the Waterfront Restaurants, pubs and coffee bars report trade beyond expectations and the Victoria and Alfred Hotel has streaked ahead of other Cape hotels in terms of occupancy.

Hotel director Selwyn Veley says room occupancies have averaged about 80% a month - in February room they were 78% compared with the average for Cape Town of about 66.59%. In June the percentage was 78%.

David Abromowitz, MD and shareholder of Bertee’s Landing, a pub and restaurant reported at one stage late last year to be the biggest angle outlet for beer in the country, said the investment had proved "fantastic".

Apprehension

Green Dolphin Restaurant owner Carlo Solazzo also said the venture had been very successful.

Perhaps, however, the success and good times are hard to believe and there is a note of apprehension in discussions with businessmen that the novelty of the Waterfront will wear off and custom slacken it will take creativity and innovation on the part of the developers to sustain interest and enthusiasm.
TB rife in Cape Town hostels

CAPE TOWN - A picture of chronic overcrowding, poverty and ill health among the broader migrant population has been painted by a health status survey of hostel dwellers in Cape Town.

The findings of the survey by University of Cape Town anthropologists Mamphela Ramphele, Marion Hep and Denham Trollip were published in the latest SA Medical Journal.

The survey investigated the health of residents of council-built migrant hostels in Langa, Guguletu and Nyanga. It was undertaken at the request of hostel dwellers, who wanted information on which to base a campaign to upgrade their accommodation into family housing.

The authors said a significant proportion of the western Cape's hostel-dweller population included women and children.

Conditions in the hostels were characterised by severe overcrowding (one bed to 2.8 people), poor and inadequate amenities (one tap to 117 people, one toilet to 133 people), and poverty (an average weekly cash income of R100 for the needs of both rural and urban dependents).

Overcrowding and poverty led to a high level of tuberculosis relative to township dwellers.

However, a low prevalence of disease was found, which led the researchers to suggest that migrant labour, by encouraging the able-bodied and employable, reproduced a "healthy worker effect" among the migrant population with access to cash wage earnings in the city.

"The healthy, as evidenced by the low prevalence of disease, are employable, can renew contracts and return to the urban workplace. Those sick, the unemployed, the unemployable and the elderly are returned to or remain in the 'rural' homelands, the health status of which are reflected in infant mortality data."

"The high infant mortality rate suggests that the disease burden of the migrants is being carried by the home-based population."

The poverty of the migrant worker's home base meant children not born in Cape Town also recorded higher levels of chronic undernourishment and lower levels of immunisation than those born in the city.

The researchers concluded that hostel dwellers were not representative of the larger migrant population, but relative to township residents they were not experiencing the improvement in health status which normally accompanied urban settlement.

Improved living conditions rather than health education that focused on individual behaviour would have a greater effect on improvements in health status, they said.

New body provides litigation alternative

PRETORIA - The Alternative Dispute Resolution Association of SA (ARD) was launched in Pretoria yesterday with the aim of making the law more accessible to those who cannot afford litigation.

ARD's director-general, Andre van Vuuren, said Adrasa was being fully pro bono for the public and the general council of the Bar.

A major advantage of the system, Van Vuuren said, was that parties to a dispute could often achieve a quicker and cheaper resolution of problems than using the courts.

The system should not be seen as a substitute for litigation but as an integral part of the whole system of justice, but it was more flexible than the strict litigation conducted in courts.

Since the beginning of the year, groups of advocates and attorneys in the major centres have been working towards the formation of Adrasa.

Van Vuuren said that in line with similar non-profit organisations in the US, Britain, Australia and the Netherlands, Adrasa would encourage the use of alternative dispute resolution to reach more considered and creative solutions to domestic and international disputes.

Alternative dispute resolution had to form part and parcel of the skills on which a lawyer could call in delivering legal services to clients.

The public would be told of the appropriate procedures including mediation, expedited arbitration and conciliation which could be more suitable for handling disputes between businesses.

ARDA's first council would be appointed in July when it would hold its first meeting. It wanted to be fully functional by the end of the year.
Egyptian plane to land in SA

By ISMAIL LAGARDIEN

Air Egypt, the Egyptian national airline, will make its first official landing in South Africa when it arrives at Jan Smuts Airport this morning.

This was confirmed yesterday by the Department of Foreign Affairs.

The plane is carrying Muslim pilgrims from Jeddah in Saudi Arabia, a well-placed source said.

In another development, reports from Canada indicate that Prime Minister Brian Mulroney is planning to visit South Africa.

It will be the first time a Western leader has visited South Africa in many years.

Reuters reports from Ottawa, the Canadian capital, that Mulroney was planning to visit after the Commonwealth heads of government meeting in Harare in October.

A spokesman for the Canadian Embassy in Cape Town yesterday confirmed that the visit was "being considered".

"A visit like that would only be confirmed very shortly before the time," Mr Douglas Fraser of the embassy said.

Canada and the other 49 Commonwealth countries are expected to discuss the lifting of sanctions against South Africa.

Canada was a key player in imposing the Commonwealth embargo during the mid-80s, which included a ban on air links.

Other airlines which have landed or are due to land in South Africa since the dismantling of apartheid gained momentum have been the British-owned Hong Kong-based Cathay Pacific, the national airlines of Kenya, Zimbabwe, Spain and Madagascar.
SAA and Satour join forces

PRETORIA — For the first time since 1987, the SA Tourism Board and SA Airways have launched a major advertising campaign to attract British tourists to SA.

In a statement released by Satour yesterday, the two said the campaign had been launched with the winter months in mind in an effort to get a more even distribution of tourists throughout the year.

Fifty-six black and white advertisements will appear in 14 leading British newspapers over a period of three weeks, highlighting various attractions, including game parks and the abundance of wildlife, the winelands, the Blue Train and the biggest attraction of all — the more than favourable Rand/Pound exchange rate — making SA a fraction of the cost of other popular tourist destinations.

Both SAA and Satour have indicated the campaign has so far attracted a tremendous response, with an average of some 350 calls and reply coupons being received every day.

Flying time to the UK was recently cut by more than an hour when several African states granted SAA the right to use their airspace — Sapa.
Tollgate urges govt to increase commuter bus subsidies

By AUDREY D'ANGELO
Business Editor

TOLLGATE HOLDINGS is unhappy about the return on assets from running commuter bus services in greater Cape Town and is urging government to increase subsidies rather than phase them out.

Colin McCarthy, executive director of the Cape Chamber of Industries (CCI), said yesterday that he did not know of any city anywhere in the world where the public transport system paid for itself.

Tollgate chairman Julian Askin says in the annual report, "Shareholders will be aware of the difficulties occurring." SAN’s commuter bus industry at present.

"Our rationalisation of the group’s commuter bus interests has returned this division to profitability but not, I believe, to levels of return on these considerable assets that are acceptable to the shareholders of a publicly-owned company.

"It is not the proper task of Tollgate to operate efficiently a high-cost commuter division solely on the basis of providing an extensively regulated social service against virtually unregulated competition and we are as a priority addressing the future of these operations.”

Askin is in London at present. But Tollgate executive director, Laurie Mackintosh, explained yesterday that to make an adequate profit from commuter bus services and provision for rising expenses and fleet replacement, bus fares would have to rise beyond low-income passengers’ ability to pay.

This meant that although government was trying to phase out transport subsidies “we are telling them that this will not work, and in fact they must be increased.”

Mackintosh pointed out that, as a result of political decisions, low-income passengers in SA had to make long journeys to work. This reversed the normal pattern in other countries where high income earners lived in distant suburbs while poorer people lived near their work.

"The solution is either for poorer people to be housed near their work or for the work to be moved near where they live. But the latter solution does not seem to work.

"Atlantis was founded as a decentralised place of work. But commuter traffic on our buses from there gives the impression that a large number of Atlantis residents work in Cape Town.”

Charging economic bus fares would mean “a substantial rise.”

Most commuters would simply not be able to afford this, and in any case bus fares are a sensitive political issue.

The situation was aggravated by the fact that the bus services were competing with completely deregulated taxi services.

It was necessary for commuter bus services to be co-ordinated. Otherwise there would be a chaotic situation with no one willing to operate the least profitable routes.

"The situation is that either commuter bus services must be provided by a public utility like London Transport Services or by a private company like ourselves with the fares subsidised. "It is a difficult problem... but it will not go away.”

McCarthy said the CCI was aware of Tollgate’s difficulties, particularly in competition with taxis.

Cape Town was widely spread out, because of geographical and other factors, and if the bus services had to be subsidised by local authorities rather than government it would become one of the most expensive places to live in.

The whole country benefited from the concentration of people and manufacturing in urban nodes like Cape Town and therefore it should be government, and not local government, which subsidised local transport.
R250m scheme to protect commuters

JONATHON REES

THE SA Rail Commuter Corporation is spending R250m on drastically tightening security on metropolitan trains and stations. 812452711019.

The five-year programme involves establishing police units on platforms, erecting access control points at stations, and giving train drivers communication links with quick-reaction, high-tech operations centres.

All five Soweto mainline stations have already been upgraded as part of the plan, but not the Vereeniging-Johannesburg line through Soweto on which six passengers were shot and killed and 22 injured in a pre-dawn attack on Tuesday.

The feasibility of “panic buttons” in coaches is also being studied.

SA Railways Commuter Corporation (SARCC) general marketing manager Koos Meyer said yesterday 95 stations would be upgraded by the end of the year and the rest by 1996.

The project involves razor-wire perimeter fencing, bright overhead lighting, controlled access and prefabricated 24-hour police stations at 35 stations.

Meyer said the corporation had studied the possibility of metal detectors at station access points, but rejected them as being too expensive and impractical at peak hours. He said no rail service in the world used metal detectors for security.

Commuters

Security and amenity upgrading had already been completed at stations from Tembisa to Germiston and on the Daveyton line from Benoni.

Work had begun at stations in Pretoria, Durban and the Cape Flats, Meyer said.

Thirty Reef stations — pinpointed by the SAP as a priority — were upgraded, complete with police stations and security guards, by March this year.

ANC spokesman Carl Niehaus welcomed the upgrading plan, but suggested the SAP use plain-clothes policemen to patrol commuter trains.

The Sowetan newspaper yesterday offered a R50 000 reward for information leading to the conviction of people involved in Tuesday’s killing.

At least 59 people have died in attacks on trains in the past nine months. In September last year, 56 people were shot or hacked to death in a massacre at Jeppe station. Seven men died a week later after rumours of a similar attack prompted them to leap from a moving train.
VAT pushes up SAA's domestic fares

VAT has pushed up SAA domestic fares by 3.9% for all flights after September 30.

Airline spokesman Leon Els said yesterday that the tariff increase would be introduced immediately for flights dated from October 1, so that the airline could claim back certain input taxes subject to VAT.

The increase followed a government directive that all items purchased for use after September 20 should be subject to VAT immediately, Els said.

He said SAA paid tax on several input items including fuel, spare parts, food and hotel accommodation. GST was not levied on air fares, he added.

The VAT amount will be clearly indicated on all tickets as the tax can be claimed back by passengers if their trips are for business purposes.

International fares are exempt from VAT.

Domestic services executive manager Johan Kuil said fares, in real terms, had been kept below the consumer price index since 1985.
Purchase of jet steadies
fixed investment figures

SHARON WOOD

The importation of a Boeing jet by Transnet this year prevented public authority fixed investment from falling further than 12.2% year-on-year in the first quarter. Reserve Bank figures show.

Fixed investment by public authorities, including Transnet, contracted 10% during 1990. But the first quarter decline was milder than the 14.3% recorded in the last quarter of 1990, because of the R300m aircraft purchase.

A second Boeing 747 400, arriving in SA this weekend, would boost Transnet's fixed investment again in the second quarter, a Transnet spokesman said.

A smaller decline in public authority investment filtered through to gross domestic fixed investment, which contracted 3.5% quarter-on-quarter (seasonally adjusted and annualised) during the first quarter, a milder fall than the previous quarter's 8.5%.

On a year-on-year basis, the fall in fixed investment spending continued at the same rate (4.1% in the first quarter against 3.9% in the final quarter of 1990). Private sector investment slid 3.3% year-on-year in the first quarter compared with a 2.3% decline in the fourth quarter of 1990.

The Reserve Bank attributed the greater fall in 'private sector' investment to drought and debt problems in the agricultural sector, political uncertainty, recession, township unrest, labour problems and high interest rates.

Public corporations' investment improved slightly in the first quarter. It remained positive during the recession, climbing 4.2% in 1990 as a result of Mossgas development.

The Bank expressed concern about the bias in the SA economy in favour of consumption and against investment.

As a percentage of GDP, private consumption spending had risen to 57.6% from 53.7% in 1986, while investment dropped from 23.9% to 18.2%.

The economy's orientation towards increasing consumption was also reflected in poor savings figures. Savings as a percentage of GDP fell to 19% in the first quarter of this year. It peaked at 23.5% in the third quarter of 1989 and has been on a down-trend since.
PUBLIC SECTOR - TRANSPORT - GENERAL

JULY - NOVEMBER
SAA back in Cairo after 28 years.

JOHANNESBURG. — A South African Airways aircraft touched down at Cairo airport and took on passengers yesterday for the first time in 28 years.

According to an SAA statement, released yesterday, permission was granted to the South African airline to overfly Egypt and Sudan while en route from Cairo to Johannesburg.

The first passengers to embark on flight SA 253 at Cairo were a group of South African Muslim pilgrims.

The flight departed from Frankfurt yesterday, took on the pilgrims in Cairo and then flew on to Johannesburg's Jan Smuts Airport.

Simultaneously, Egypt Air operated a direct flight from Johannesburg to Cairo, with 24 South African passengers on board. — Sapa

*Travel agents jubilant* — Page 7
Local city travel agents jubilant

ECSTATIC travel agents in the city welcomed SAA's announcement yesterday that it planned a weekly flight to Cairo, saying there was "tremendous" tourist potential in Egypt.

The announcement follows an Egypt Air flight from Johannesburg to Cairo on Saturday, when 24 South Africans got off in Cairo and were granted visas, and a statement by SAA yesterday that, for the first time in 28 years an SAA aircraft on Sunday flew from Cairo to Johannesburg.

"At this stage it is SAA's intention to operate a weekly flight through Cairo," the SAA statement said.

Travel agents in the city were surprised by the development, but declared it to be "a good thing".

Mr Barney Singer, president of the Association of SA Travel Agents (Asata), said: "That's marvellous. I think that there's a tremendous potential for tourism there," he said.

"A fascinating place out of the reach of South Africans" was how Mr Leon Singer of Embassy Travel described Egypt up until now.

"I believe it will be a popular desti-
Rationalisation
hits bus services

THE SA Rail Commuter Corporation
would stop its bus service on three
routes from August 1, SARCC MD
J J Nel said in a statement yest-
A1erday. The discontinuation of bus services —
Heidelberg/Nigel, Germiston/
Heidelberg and Johannesberg/
Heidelberg, — formed part of the
corporation’s “rationalisation pro-
grame to align supply and de-
mand more closely and to curb
expenditure more effectively”,
Nel said.
SARCC media liaison officer: Riana
Jacobs said the routes were totally
uneconomic.
“They are covering only between
11% and 25% of their costs,”
Jacobs said.
She added that 500 commuters a day
would be affected by the corpora-
tion’s decision to stop the services.
Jacobs would not, however, say if the
corporation intended closing down
other bus routes this year.
Nel said the discontinuation of the
bus services by his corporation
“offers opportunity for private
terprise to introduce bus or taxi
services”
Africans revamp to meet competition

WHILE SAA is staking a claim in the opening African travel market, African airlines are revamping and restyling in order not to be swamped by the giant from SA.

One airline offering more flights on its routes than SAA is Air Malawi, which is becoming important as a regional carrier.

The airline recently embarked on a major programme, upgrading its fleet, re-training staff and streamlining operations.

Business travellers appear to have taken cognizance of the changing nature of Air Malawi.

Business class bookings on the airline’s Boeing 737-300 flights—which offer 29 seats—have seen nearly 70% growth in the past month.

The airline has three return flights a week between Johannesburg and Lilongwe and offers connections to Harare, Niarobi, Lusaka and Blantyre.

A second Boeing 737-300 is to be added to the fleet at the end of next year, while new, more efficient and spacious turbo-prop aircraft are to be bought for the shorter flights.

The investment is believed to be worth about R360m.

Air Malawi GM Rex Lezard says the acquisition of a modern fleet and the decision to revamp the airline’s structure are part of a larger plan which will leave the airline positioned to aggressively compete for a larger share of the expanding southern African air travel market.
More than R2 billion will have been channeled into the development of Cape Town's Victoria & Albert Waterfront project by the time it reaches completion 12 years hence.

The project, backed by Transnet, got under way in May 1989. R50 million has been spent thus far.

It has drawn nearly two million visitors since December.

The plans encompass a working harbour, retailing and entertainment facilities and office and residential precincts. These include:

- A residential area (development to start in 1997) of 700 units around a new small craft marina, with direct access to Table Bay.
- A marina with mooring for 500 yachts inside Table Bay's main breakwater.
- Hotels, restaurants, coffee shops, taverns, speciality shopping, a fish and fresh produce market, theatre, cinemas, a museum, brewery, boat rides and parking for 2700 cars. Some of these, including a hotel, are currently operational.
- An office park adjacent to the old Breakwater Gaol, which is being converted for UCT's Graduate School of Business.

Residential development behind the marina will start in 1993.

- A landscaped office park alongside a waterway stretching from the New Basin to the Foreshore.

Says Transnet's Dr Anton Moolman: "The results so far are beyond our highest expectations.

"We regard our involvement as an investment in the economy, both on a macro scale, with the added tourist attraction for foreign visitors, and on a micro scale, with the increase in job opportunities afforded by construction work and commerce."
SAA breaks new barriers over Africa

By John Miller

Another step towards breaking longstanding air barriers over Africa was taken yesterday, when, for the first time in more than 28 years, a South African Airways aircraft flew over Egypt and Sudan en route from Cairo to Johannesburg.

Flight SA 253 left Frankfurt on Sunday, landed at Cairo to pick up South African Muslim pilgrims, and arrived at Jan Smuts Airport yesterday.

At the same time, EgyptAir operated a direct flight from Johannesburg to Cairo on Sunday with 24 South Africans onboard.

Visas

Under an agreement with Egypt Air, SAA will now be able to stop off in both directions to pick up tourists.

The agreement also allows EgyptAir to begin a regular service between the two countries. South African visitors to Egypt will be able to get visas in Cairo on arrival, provided they fly EgyptAir.

Yesterday's SAA route included overflying Sudan, Zaire, Zambia and Zimbabwe. It cut the flying time from Frankfurt to Johannesburg by an hour.

SAA chief executive Gert van der Veer said this latest agreement would mean that both the Frankfurt and Zurich flights would save an hour's flying time per flight.

This will also open up easier access to the Mediterranean, especially when SAA reconsiders Athens again, and we will possibly combine these two destinations.

Mr van der Veer said the new route would significantly cut costs for the airline.

"The one-hour saving on the west Africa route amounts to about R2.5 million per month out of a total expenditure of R25 million."

He said that although the airline was now saving money on its fuel bill and was able to compete head-on with other international carriers, this benefit would not filter through to standard airfares - but discount and excursion fares could be lowered.

He believed that lowering of fuel bills would allow SAA to delay increases on international airfares.

"Overflying sanctions have been 99 percent lifted and we expect America and Australia to reopen soon," he said.

Another country which had already granted SAA landing rights was Senegal, and this destination was being looked at by the airline.

"We will fly anywhere where there is a market."

Mr van der Veer said SAA was also exploring the possibilities of overflying Angola. "With the ceasefire in that country we believe this route will save us another 20 minutes' flying time on the London route."

He added that passenger loads were down by 16 percent on those of last year.
NO AGREEMENT had been reached and no licence granted to Egypt Air to operate scheduled flights between Cairo and Johannesburg, a senior Transport Department official confirmed yesterday.

The confirmation follows denials by an unnamed Egypt Air official who said Egypt had not restored normal air links with SA and that such a move was unlikely.

He also denied that the two countries had set up a scheduled air service and denied that an SAA aircraft travelling from Frankfurt to Johannesburg on Sunday night had landed in Cairo.

SAA in ‘it didn’t happen’ row with Cairo

The Transport Department’s Directorate of Civil Aviation (DCA) chief director Japie Smit said no meetings had taken place and no agreements reached between his department and the Egyptian DCA.

On Monday SAA CE Gert van der Veer announced that for the first time in 28 years a scheduled SAA flight had been allowed to land in Cairo, marking the reopening of SAA’s trans-Africa air route.

The two DCAs are responsible for issuing operating licences and would have to give their approval before a scheduled service could begin.

On Monday morning Van der Veer and SAA chief liaison officer Leon Els disembarked from the airline’s Frankfurt flight and announced they had been in Cairo overnight, having flown there on Egypt Air’s flight with 22 SA tourists, and returned on SAA’s Frankfurt-Johannesburg flight which landed in Cairo.

Last night Els said the airline would not react to unnamed Egypt Air officials, and that SAA had nothing to add to Monday’s announcement.
A claim by South African Airways that it has been granted landing rights in Cairo has been denied by SA civil aviation authorities and Egypt Air officials.

However, an SAA spokesman said yesterday that the airline stood by its announcement earlier this week that it had obtained landing and pick-up rights in Cairo.

The spokesman would not comment on the denial by the Department of Transport's Directorate of Civil Aviation and Egypt Air.

At a press conference on Monday, SAA chief executive Gert van der Veer and his public relations manager Leon Els both claimed the airline had obtained landing and pick-up rights in Cairo.

Mr van der Veer also claimed that following an agreement between the two airlines, Egypt Air would begin operating a scheduled service between Johannesburg and Cairo, while SAA would be granted landing and pick-up rights in Cairo on both legs of the European route.

A media spokesman for the Directorate of Civil Aviation, Marma Nel, expressed surprise at the alleged agreement between SAA and Egypt Air.

She said no meetings had taken place between the two departments and there was definitely no agreement or application from Egypt Air to begin operating a scheduled Johannesburg-Cairo route.

She also said the department had not received an application from SAA or Egypt Air to operate a charter service between the two countries.

A spokesman for Egypt Air told The Star yesterday there were no plans at present to begin flying to South Africa.

He confirmed, however, that SAA landed in Cairo on Monday to pick up passengers but said this was not a regular stopover.
R25 000 reward out for train attackers

Staff Reporter 9/11

In an attempt to stamp out attacks on train commuters, the South African Rail Commuter Corporation (SARCC) is offering a reward of up to R25 000 to anyone with information that could lead to the arrest and conviction of those responsible for the attacks, SARCC marketing manager Coen van Niekerk said yesterday.

Mr van Niekerk said that in their bid to work with the community, the SARCC was now providing more security on certain Soweto lines and stations with the assistance of the police.

Stations on the Soweto lines had been made safer through the installation of fences, better gate control and 24-hour police presence, he said.

He hoped such security would soon be instituted nationwide.
AIRFARES STILL IN THE CLOUDS

Airfares between SA and Europe could start tumbling by the end of the year despite SA Airways’ announcement that they will stay high.

where they are (even though SAA is now flying over Africa on route to Europe). SAA CEO Gert van der Veer maintains that the airline will use the savings generated by its newfound freedom to fly a shorter route to save on fare increases and get the airline back into the black.

Not surprisingly, its pool partners linking SA with the major European destinations endorse this thinking. Tier costs were never in the same league as SAA’s because they could always fly the shorter route across Africa, while SAA was forced for political reasons to fly around the bulge.

Nevertheless, they based their fares on what SAA charged under bilateral pricing agreements — showing a healthy margin in the process Lufthansa’s Karin Lamson says she cannot see any immediate change in the fare structure. “It’s usually set in the currencies of the two countries that share a service. We set the fare in Deutschmarks out of Germany and SAA sets it in rands out of SA.”

However, travel industry sources are hoping market forces will prevail. With SAA now technically able to fly to Europe in the same time as other airlines, it is likely to win back a lot of the traffic it lost. That could prompt a situation in which the carriers that lose out could start some form of fare discounting to win back passengers.

British Airways SA manager Malcolm Freeman doubts whether reduced flying time will upset the balance on the London-SA route “After all, it’s only an hour’s saving. But I think SAA will score on the Mediterranean route, where it will be able to fly to Tel Aviv in eight hours instead of 16, for example. That could cause El Al to lose passengers and airlines such as Air Italy and Olympic won’t escape unscathed either.”

Bob Williams, MD of airfare discounters Williamsworld, says that with the fall in traveller costs in the Persian Gulf and township violence, foreign airlines are already unofficially setting their own, lower fare levels to get an edge.

He believes that they may start doing so more openly by the end of the year. SAA no longer has the policing powers it once had and the International Air Transport Association no longer sets fares — it merely provides a forum at which they are discussed. But even here some flexibility is creeping in. Freeman says BA filed new fares with the SA authorities in April and had them granted, even though they were lower than SAA’s at the time. Ironically, there’s no real contradiction in this. Though Van der Veer reiterated this week that SAA would not reduce its fares, he told a conference on international air links in Cape Town this week that he supports the principles of airlines determining their own fares, provided there are some safeguards against “predatory pricing.”

SAA spokesman Leon Els confirms that Van der Veer is looking at open competition “now that the playing fields have been levelled and we can compete on equal terms.”

He adds “And there won’t be a shortage of those. Apart from Cathay Pacific and Austrian Airlines, both of which will start their SA services this week, we can expect at least five other airlines to start flying into SA before the end of the year. Kenyan Airways, Air Seychelles, Air Madagascar and two other airlines from the East.”
EXPANDING IN DURBAN

With Portnet leading the Transnet pack along the commercialisation route, private companies based in Durban harbour — Africa’s largest and busiest general cargo port — are finding less bureaucracy and more encouragement to go ahead with development.

The biggest project at the moment is a R17.5m upgrading by Tiger Oats subsidiary Durban Bulk Shipping. The company now restricts itself to loading ships and it handles an average of 800 000 t a year, half of it coal. But after the upgrade, due for completion by the end of the year, the Durban Bulk Shipping terminal will become only the second private facility in the harbour capable of discharging vessels as well. Benefits will include a much quicker turn-around time for vessels, a modified berth to allow bigger ships to tie up and better berth utilisation.

Says MD Koos Smith: “It’s not just better handling fees we are looking at, but a whole package of advantages, including the higher rate at which we can offload. We will also be able to offer increased storage capacity — ultimately the upgrade will mean getting vessels away quicker, which is what the clients want.”

Tiger Oats bought the shipping terminal from Anglo American 25 years ago, mainly to extend the group’s maize germ defatting facility. Maize product exports are still one of the major bulk cargoes handled by Durban Bulk Shipping, though Smith says the original plant has changed a lot.

“We now have 24 bins, which can store 56 000 t of product, mainly dry bulk cargo and a bit of vegetable oil. Five of the bins are dedicated to coal and we have recently installed a high-speed rotary tipper with an intake rate of about 4 000 t a day.”

Nevertheless, the terminal is now undergoing a facelift that includes:

- Building four new grain silos, which will increase the total capacity to 68 000 t;
- Increasing the width of the loading belt to speed up loading from 650 t an hour to 1 500 t, giving the facility the fastest loading rate in Durban, and
- Pending final authorisation from Portnet, piling and dredging the berth to increase the depth from 10.3 m to 12.8 m, making the company’s terminal the deepest bulk facility in the port.

“The increased draught will allow us to handle 60 000 t vessels, where we can now accommodate only a maximum of 37 500 t ships,” Smith says. “That will not only benefit us, but the port as a whole, which doesn’t have a deep-water terminal for general cargo loading. Portnet has agreed to let us use its grain elevator for interim storage with the possibility now of a maize and wheat import programme. That, as well as our increased depth, fits with Portnet’s plans to accommodate bigger ships. It is looking at building more general utility berths and widening the harbour mouth.”
On government orders, the salvage tug "Wolroad Wolfemade" stood by, receiving US$12 000 a day, later reduced to about $7 000 a day. Globe shipyards won a contract worth hundreds of thousands of dollars to make temporary repairs.

Another bulk carrier will now be chartered to transfer the cargo. This operation might take as long as three months. Then the "Kashee" will be taken to an SA port for repairs.

SA's other big salvage tug, the "John Ross", was dispatched in May to assist a disabled Brazilian freighter, the "Frotamania", in the South Atlantic. At a cost of $330 000 the tug towed the ship to Cape Town, where the rudder is being repaired. Brazilian shipping is beset by financial problems, but happily for SA contractors, the "Frotamania" is covered by insurance.

Last week the 250 000 t Shell tanker "Latta", full of crude oil headed for Europe, broke down and was allowed to anchor in False Bay, with the "John Ross" standing by. Globe rehabilitated the ship's boilers and the "Latta" resumed its voyage this week.

While the marine repair business is often erratic, the Cape's shipyards may soon have a steadier source of work. Soviet factory trawlers fishing for sardines near the Equator off West Africa are considering having their regular overhauls done in SA. A decision is expected by the end of the year, when the new business would ensure a better flow of work for the yards and help them to retain skilled workers who now leave or are laid off when big contracts are completed.
Pricing pact blocks runway

SOUTH AFRICA's pending "freedom of the skies" which should mean cheaper international air fares — is currently being blocked by a major obstacle: the Government's bilateral pricing agreements with other governments.

Following the SA Government's plans to de-regulate the airline industry, British billionaire Richard Branson last week announced plans to introduce cheaper flights to this country through his airline, the UK-based Virgin Atlantic.

Mr Branson said the levels of air fares to and from this country to London were prohibitive and would be kept at a high level by the two incumbent carriers, SAA and British Airways.

Licence

But before Virgin Atlantic can begin offering cut-price flights to the country the airline requires the go-ahead from both the British and South African governments. Apparently Mr Branson hopes to get his British licence this week and will then begin talks with the SA Government.

But yesterday a spokesman from SA's Department of Civil Aviation said they had still not heard anything about Virgin Atlantic's application.

Garner Thompson of London Bureau reported that an IATA spokesman said yesterday, "If Virgin wants to come into South Africa on top of British Airways, then both South Africa and Britain have to agree and decide on how many flights a week, as well as other details."

"If, however, BA were to lose a couple of flights and Virgin was looking to pick up the slack, then South Africa could decide that unilaterally, just informing Britain as a diplomatic gesture."

However, according to SAA's full service airline spokesman, Jappe Stort, it is likely this application will be rejected "because of the constraints of the standing agreement" between Britain and South Africa.

Bob Williams, the man who in 1986 pioneered discounting of air fares to this country, said: "It is clear SAA would not allow a rival in which would deprive its pool partners of tickets."

The bilateral governments' agreements designate certain airlines, members of the International Air Transport Association (IATA) which include SAA, British Airways and Alitalia as well as others as carriers, and ensure a stranglehold on specific routes.

Open fares

South African Airways Chief Gert van der Veer recently advocated an open fare price system.

He said SAA believed the current pricing policy should be abolished and that airlines should determine their own fares and structures in relation to the market forces.

But Mr Williams said there had been no outcry against exorbitant air fares in this country because travel agencies obtained commission on ticket prices. His agency, however, would rather have more passengers with cheaper tickets than fewer with more expensive tickets. He had managed to do this through a loophole in the law, he said.

Mr Williams said he hoped to see a de-regulation of fares before the end of this year. "Then fares would be purely market-related. Currently there are some 400 000 seats between here and Europe but 25 percent of these are not used. That means a waste of a lot of tickets and more expense for the airlines."

New lines

However, according to Mr Williams, foreign airlines (most of which are not IATA members) are already unofficiously setting their own lower fare levels to get an edge in the market and he said he believed they may start doing so more openly by the end of the year.

He pointed out that SAA no longer has the power it once had and that the Iata which meets in Geneva no longer stipulates fares but merely provides a forum at which they are discussed.

Apart from Cathay Pacific and Austrian Airlines, both of which started their SA services this week, Kenya Airways, Air Seychelles, Air Madagascan and other airlines from the East are expected to start flying into SA before the end of the year.

SAA is also preparing to resume certain international flights. Their pilots have reportedly been practising simulated take-offs and landings based on New York's John F Kennedy airport and Australia's Sydney and Perth airports.

SAA was also said to be investigating the possibility of operating regular flights to the Soviet Union and Eastern Europe and would probably fly three times a week to New York once the US reinstated its landing rights, Mr van der Veer said.
Don’t get too excited about air wars

DEREGULATION of the domestic civil aviation market does not mean “air wars” are about to break out in the airline industry, neither does it necessarily mean cheaper air fares, according to people in the travel industry.

This week the Transport Department announced that the new Air Services Licensing Act promulgated in July, last year—allowing for the deregulation of the domestic air transport industry—would be coming into effect.

**Rivalry**

But although deregulation should mean increased rivalry among airlines competing for passengers, there has been only one airline wishing to compete.

Private airlines are not in a hurry to take on the national carrier which is currently one of five Transnet divisions.

Only Trek Airlines, which operates internationally as Icaravia, is preparing to compete.

The airline will begin operating on the domestic market in October, according to a spokesman for the company.

She said the airline would be using four Airbus A3-200s initially and would compete primarily in passenger services.

She declined to comment on whether Trek’s airfares would be lower but added it would be using the same airports and facilities as SAA.

In the past 40 years SAA has operated in a protected market during which it has bought aircraft and built up its infrastructure at favourable exchange rates. No other airline had this advantage.

For a number of years SAA has been using an old fleet but this year the airline has made moves to improve its fleet.

Last month SAA received the first of three 747-400s. The other two will be delivered next year. The 747-400s will be used primarily for London and Frankfurt flights.

Christening the Boeing 747-400 Bloemfontein, in Bloemfontein, yesterday SAA general manager Gert van der Veer said domestic air tariffs in South Africa were among the lowest in the world.

In support of this statement, Mr van der Veer said he regularly challenged the media to show him lower prices. No one had taken up the challenge.

Mr van der Veer said that 57 percent of the cost of domestic rates was paid for in foreign exchange currency and that SAA was not making profits on its foreign service.

**Challenge**

Seven A3-200s have been ordered to boost the airline’s capacity on the domestic front. By October four are expected to arrive.

In the area of cargo, Safair plans to challenge SAA for the freight market once its licence has been approved by the Civil Aviation Department.

The airline intends using its six Hercules planes to fly major routes between five and seven times a week.

It seems the Government hopes it can turn SAA into a self-sustaining business which can compete with other airlines in the domestic market.
Police patrol at "certain stations"

THE SA POLICE, Spoornet and the SA Rail Commuter Services have agreed the police will provide manpower at certain stations.

An SAP statement issued on Friday was in reaction to criticism of their role in the safety of commuters on metros, especially on the Witwatersrand.

"Stations which were earmarked for completion by April 1 and which were completed are manned by the SAP.

"The SAP is, in cooperation with the SA Commuter Services, upgrading and policing commuter facilities to ensure a safe service," the statement says.

"The SAP is urgently required to maintain law and order in other parts of our community and this has a restraining effect on concentrating only on a certain section of the community." - Sapa
The effects of air deregulation are yet to be felt

SA's new deregulated commercial domestic aviation policy officially came into being last week, but the real effects are not likely to be felt until later this year when Trek Airways launches its service in competition with SAA on major routes.

Deregulation means any SA airline can apply to the Directorate of Civil Aviation (DCA) for a licence to operate scheduled passenger and freight flights between any destinations within the country.

For some of the smaller companies serving secondary airports like Nelspruit or Phalaborwa, deregulation means that they can now take on SAA, its all-jet fleet, and compete against the national carrier on the same routes.

Safair, which is to be relaunched next month under a new name, will lease at least four Airbus A300 aircraft. The airline will start with the safety net that SAA enjoys with its profit-generating international operation. Trek also does not enjoy the backing of a parasatal.

Trek has, however, solid financial backing in the form of Safair, Rentmeester Beleggings and the Meulink family. It can bank on years of airline management experience earned by Trek acting as Luxair's SA marketing and sales division.

For SAA, deregulation is some-thing of a godsend. It has taken some of the sting out of its rivals' complaint of having to compete on an unelevel playing field. It has also enabled SAA to turn its fleet and domestic route network.

The airline is to withdraw its seven 15-year-old Airbus A300s from domestic services. These will be replaced by Boeing 767s and a new seven-strong fleet of Airbus A350 aircraft. The A300s will probably be put into use on regional flights into Africa.

Link Airways, however, has been granted licences to operate a flight between Johannesburg and Port Elizabeth and Bloemfontein, a route SAA has stopped operating.

Deregulation will affect not only passenger services, but freight as well. Safair Freighters has signed a lease/purchase agreement with British Airways for a BAE 146-100QT cargo plane to be used initially to operate two flights a week between Johannesburg and Cape Town and to maintain express cargo.

Safair recently sold its passenger division Safairlines, to Trek, which now holds the operating licence for the service between George, Cape Town and Alexander Bay, in addition to licences for flights between Johannesburg, Durban, Cape Town, Port Elizabeth and East London.

The latest debate in the deregulation saga surrounds ownership of the ground-handling facilities at the nine state airports.

New entrants to the market claim SAA, by virtue of owning the moving stairs, forklifts and other service vehicles, could still manipulate the industry. Competitors fear SAA will give its own aircraft priority.

One suggestion has been that the DCA purchase the equipment from SAA to ensure level playing fields.

LINDEN BIRNS

Charting a course in Mozambique

NELSPRUIT-based Metavia airline and two Maputo businessmen have set up a Mozambique-registered airline to operate charter and relief and flights in that country.

Metavia's director and G M Dieder bred Ward said the new airline, called Tropical Airlines, had already applied for licences to operate scheduled flights between Mozambique's major centres.

Tropical is one of several undertakings trying to exploit Mozambique's domestic aviation market which has been largely neglected by the national carrier LAM.

LINDEN BIRNS

"It took us two years to get the airline registered as bureaucracy slowed things down. But we are optimisitic. The Mozambican Department of civil aviation will make a decision on our application within the next six months," she said.

Metavia injected about $100 000 into Tropical. If the scheduled licences are granted, more will probably be invested to help finance the acquisition of a 747×4 passenger aircraft.

The race is on for top honours

The July 20 deadline for entries to the SAA Non-Listed Company Award is fast approaching.

The contest, now in its sixth year, is sponsored jointly by Business Day, Arthur Andersen & Co and Wits Business School.

Organiser Andrea Leigh says competition promises to be as strong as in previous years.

The contest is open to companies not listed on the JSE or close corporations which meet certain eligibility criteria. The award goes to the company which is judged best to demonstrate creativity and entrepreneurial skill in meeting the challenges of business.

Special attention is likely to be given this year to strategies adopted to combat the recession.

Arthur Andersen & Co partner Graham Rosenthal said the contest had gained in stature over the years. This was reflected in the calibre of winners and finalists, and the support from business leaders who readily accepted invitations to serve as judges.

The judges this year are Prof Colin Fiske, deputy dean of the Business School, Tencor chairman Neil Jewell, Datacor chairman Nic Francaos, Malak Holdings executive director Grant Thomas and Industrial Development Corporation MD Karel van der Merwe.

Delta Motor Corporation won last year. Chairman and CEO Keith Butler-Wheelhouse said winning the contest meant far more than taking home a trophy to Delta's foyer display in Port Elizabeth. It was a tremendous morale-booster for the corporation and its employees.

Eric Samson, chairman of 1987 winners Macsteel, expressed similar views. "A notable coupoff from the award was the way in which all the staff reacted. We found that our customers, too, were proud to be associated with an award-winner."

Confidentiality will be respected throughout the judging process.

Twenty finalists will be named on September 12 and the award will be presented at a banquet in Johannesburg on October 28.

Further information can be obtained from Andrea Leigh at (011) 880-7000.
Cover-up at Jo’burg station

A MULTIMILLION-rand plan to cover a large portion of the railway line near Johannesburg station has been given the green-light.

RMS Syfrets has been awarded the tender for the development and is believed to be planning a two-storey retail centre and taxi facilities over the railway line. Trains will continue to travel underneath the development, which will be the first commercial undertaking of its kind in SA.

The 7 000m² area to be covered is between Wanderers and King George streets and is bounded on the south by Noord Street. It will be leased to RMS Syfrets by the SA Rail Commuter Corporation on a 50-year leasehold.

Yesterday SA Rail Commuter Corporation and RMS Syfrets spokesmen refused to divulge further details.

SA Rail Commuter Corporation property development GM Dirk Ackerman said all information was embargoed until the consortium involved in the development decided to release it.

He said the deck over the railway line would form a small part of a major announcement which would be "highly significant to the SA economy". This announcement would probably be made next week.

A RMS Syfrets spokesman confirmed that the group had won the tender and was not prepared to furnish further details of the project, including its value, until SA Rail Commuter Corporation approved release of the information.

Transnet property development manager Johan Malherbe refused to comment on the value of the project. Transnet will act as an agent for the development.

Malherbe said 10 proposals had been received when the covering of the railway line was first put to tender by the then SA Transport Services at the end of 1989. Five of these proposals had been selected to submit more detailed schemes for the development. The final choice had been influenced mainly by financial criteria.

Developers have been interested in using the space above SA’s inner-city railway lines for nearly a decade, but such developments were impossible until legal and municipal constraints were removed towards the end of 1988.

The Johannesburg City Council rezoned the space above the lines, and Sats worked on removing legal barriers preventing the leasing of the "airspace".

Old Mutual recently extended a Cape Town property by building a deck over a stretch of railway line.
Airlines planning to spend R11m on local advertising

INTERNATIONAL airlines have allocated more than R11m to SA advertising campaigns this year, while SAA has set aside R5m for advertising SA abroad.

Most major European airlines have increased advertising after the slump following the Gulf war.

SAA is the top local advertising spender, with an estimated budget of more than R8m. British Airways (BA) is ranked second with a budget of between R3m and R4m for this year, while Cathay Pacific's launch campaign was worth about R1m.

These figures exclude below-the-line expenditure.

SAA spokesman Zelda Roux said the year's budget was down by about 20% on last year, but was likely to be increased again next year.

On the domestic front, Roux said SAA would probably have to place some unforecast advertisements to counter Trek Airways once it began operations later this year.

SAA advertising deputy director Dai Pretorius said the organisation had allocated R3m to foreign advertising this year after four years of not placing any new advertisements.

LINDEN RHINES

Campaigns have and will take place in the UK, French, the Benelux, Italian and German media

The tourism sector had experienced a 17% downturn in January and a 10% drop in February compared to the same months last year.

SAA, Predicted a major 15% to 20% upturn from September leading to about 10% growth in the sector by the end of the year, he added.

Austrian Airlines southern Africa GM Siggi Kuchling said the airline had a local advertising budget of about R700 000 for this year. Air Seychelles, which begins scheduled flights to SA next month, has earmarked R250 000 for launch and pre-launch advertisements.

Cathay Pacific southern Africa and Indian Ocean manager Angus Robson said the airline's R1m launch budget would probably be cut back next year once the airline had established itself in the SA market.

However, the possible entry to the market of other Far East carriers might cause a rethink, he said.

● See Page 13
Portnet is expanding in Cape Town

LINDA ENSOR

CAPE TOWN — Portnet in Cape Town was involved in a number of expansion projects, port captain Rudi Basson said yesterday at the opening of the harbour's new quayside financial house, Cowrie Place.

A separate financial centre was made necessary by the restructuring of Transnet and the breakdown of Portnet into distinct profit centres, of which Cape Town's harbour was one.

A R20m shed dedicated to ro-ro vessels had been completed recently. This would serve mostly coastal trade, but had the capacity to handle deep-sea cargo.

About R20m was being spent on a new cold storage facility for handling frozen fish transhipments, while a feasibility study was being conducted into a chemical tank farm to handle chemical imports.

Portnet had been in a consolidation phase of harbour development in Cape Town, but indications were that SA was poised for greater foreign trade.

Basson foresaw a rise in the number of ships stopping off at the harbour and an increasing need for bunkers and ship repairs.
Direct flights to Australia may take off by year’s end

DIRECT weekly flights between SA and Australia are likely to begin before the end of the year.

Gavin Simpson, MD of Qantas sales agent Go Australia, said at the weekend he expected the SA and Australian governments to “very shortly” renegotiate the Bilateral Air Services Agreement, broken off when SAA was denied Australian landing rights in the early 1980s.

Qantas would then reintroduce a weekly Johannesburg-Perth-Sydney flight, with the possibility of two flights a week operating by the middle of next year, Simpson said.

The cutting of the direct air link to Australia has meant that almost 25,000 South Africans fly from Harare to Australia each year on Qantas, mainly to visit friends and relatives in the sub-continent.

The fares would remain largely unchanged from those charged by Qantas for the current Johannesburg-Harare-Sydney round trip, at around R750 for a peak season economy class Apex ticket — bookable 20 days in advance — and R12,300 for a business class return.

Seven killed in unrest nationwide

SEVEN people died in unrest on the Witwatersrand and in Natal on Friday and Saturday, police said in their weekend reports.

Four bodies with bullet wounds were found in Alexandra and Tembisa on Friday. Also in Alexandra, police found the body of a man who had been set alight on Saturday.

In Mkhobeni, near Richmond in Natal, a youth was killed and two men seriously injured when a group of men set huts alight on Saturday. Nearby at Ndalem, police found the body of a man with stab wounds.

Five people were injured on Friday when a grenade was tossed at two minibus taxis in Greytown, Natal, on Friday. It detonated under one of the vehicles.

Police raided a hostel in Kugas near Krugersdorp on Friday, seizing weapons and arresting nine residents — Sapa.
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The fares would remain largely unchanged from those charged by Qantas for the current Johannesburg-Harare-Sydney round trip, at around R1 500 for a peak season economy class Apex ticket — bookable 30 days in advance — and R2 300 for a business class return.

Simpson said Qantas’s Harare office would continue to operate. “Qantas has found a large enough market within Zimbabwe and Kenya to justify continuing with one flight a week to Australia.”

At present there are three flights out of Harare each week to Australia in the peak season, and two in the low season.

Simpson said he expected the travel market between the two countries to expand with the lifting of Australian sanctions.

“Australians and South Africans are remarkably similar, and the potential for sporting and social links as well as the business market is huge.”

He said he expected SAA and Qantas to begin operating on the route within a few days of each other, but added that the expansion in the market would be sufficient to guarantee a lucrative market for both carriers.

Simpson predicted that the lifting of tourism sanctions — South Africans have to wait six weeks to get an Australian visa — would lead to a boom in the tourist trade.

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In Mkhoseni, near Richmond in Natal, a youth was killed and two men seriously injured when a group of men set hats alight on Saturday.

Police arrested 15 men.

Nearby at Ndalem, police found the body of a man with stab wounds.

Five people were injured on Friday when a grenade was tossed at two mambu taxis in Greysville, Natal, on Friday. It detonated under one of the vehicles.

Police raided a hostel in Klags in Natal, near Krugersdorp on Friday, seizing weapons and arresting nine residents.

Protection for computer software
SAA optimistic about new deal

Talks start on restoring air links with US

THE US and SA governments will this morning start talks aimed at reinstating regular flights between the two countries.

This was disclosed yesterday by a source close to SAA and confirmed by a US state department official.

And an SAA spokesman said that similar talks between SA and Nigerian authorities on landing rights and flight frequencies were likely to start soon.

SAA spokesman Mike Pleifffer said the airline hoped to restart direct flights to the US before the end of August. He said SAA was optimistic that a new bilateral agreement between SA's Directorate of Civil Aviation (DCA) and the US Federal Aviation Authority (FAA) would be secured within days.

SA ambassador to Washington Harry Schwarz said last night many issues relating to SA-US links had to be renegotiated following last week's lifting of sanctions.

Schwarz said he had appointed a task group to negotiate with the US State and other departments on measures needed to normalize relations between the two countries.

He said that apart from airfares, today's talks would also cover trade, customs, quota and taxation issues between SA and the US.

A Transport Department spokesman yesterday said initial talks paving the way for the DCA and FAA to draft a bilateral agreement would be initiated by SA's Foreign Affairs Department.

All SA-registered aircraft were barred from entering US airspace from November 1986 in terms of the Comprehensive

Anti-Apartheid Act.

"Passengers who have already made bookings to fly via Europe to the US will probably be given the opportunity of changing their tickets to direct flights once the service is back on its feet," said Pleifffer.

Air industry sources said yesterday American Airlines was likely to be nominated by the FAA as the US flag carrier on the US-SA route.

American Airlines SA GM Mike Tyler said the airline was looking at the US-SA route as a potential growth area. However, if it was awarded an FAA licence, it would probably consider starting flights only next year, he said.

The DCA and FAA would negotiate how many flights should service the route, landing times at New York's J F Kennedy airport, as well as discussing the possibility of a second US destination for SAA. Before 1986 SAA flew to New York and Houston.

Pleifffer denied weekend reports that official talks between SAA and Australian carrier Qantas had begun. "There can't be any talks between the two airlines until the two governments have drawn up a new bilateral agreement governing the type of service that should be given on the SA-Australia route," he said.

It is not known when talks will start with Nigerian officials. The Lagos route will probably be an extension of SAA's existing Johannesburg-Lagos-Abidjan route.

The airline is also investigating the feasibility of starting scheduled flights to Dakar, Senegal.
Cargo handlers prepared for end of sanctions

LINDEN BIRNA

FACILITIES at Jan Smuts Airport were adequate to deal with any major increase in freight following the lifting of US sanctions, airlines said yesterday.

British Airways SA marketing manager Sandi Lee said the lifting of sanctions was good news for the air freight industry, but warned it could take some time for the effects to be felt during the current world recession.

Wendy Vorster, director of Expeditors International, said there would be more talk about increased capacity than there would be actual growth.

This was because during sanctions goods entered SA via "back door" third parties. With sanctions gone, the same volume of freight would now come in through the front door, she said.

She said handling capacity at Jan Smuts Airport was satisfactory, but that there was a backlog in outgoing cargo due to an unnecessary amount of red tape.

Lufthansa, the largest air freight carrier into SA from Europe, is expecting growth in air freight of between 15% and 20% for the next year. Last year, it carried 7 000 tons of freight into SA and 5 000 tons out.

SAA spokesman Leon Els said SAA had no plans to expand cargo handling facilities at Jan Smuts as it still had spare capacity. "The airline also had enough airborne freight capacity as shorter routes to Europe meant higher payloads on each flight, he said." Els said there had been no growth in the past nine months, and that there were no dramatic prospects for short-term growth.
SAA cancels Madagascar landing

By John Miller

A shortage of jet fuel and the ongoing violence in Madagascar led SAA to cancel a landing in the capital, Antananarivo, yesterday morning.

A spokesman for the airline said the decision to land in Mauritius instead of Madagascar was based on two reasons: the lack of jet fuel at the airport and the ongoing unrest in the capital.

A spokesman for Thomson Tours said that, to their knowledge, there were only two South Africans stranded on the island. However, it had been in contact with its agent in Antananarivo and recommended that visitors try to make their way to Mauritius.

Several hundred thousand people demonstrated in the capital yesterday against a call by opposition leaders for a partial end to a week-long general strike.

Representatives of an opposition coalition which has staged protests for the past month to put pressure on President Didier Ratsiraka for political reforms met him on Monday and agreed that workers in the private sector and semi-State organisations should return to work. Civil servants would continue the stoppage.

Banks started opening yesterday for the first time since the strike began but closed again as a result of pressure from the crowds.

Some public buses started running.

A committee of government and opposition representatives, with church mediators, was due to start preparatory work yesterday for a national conference on a new constitution.

Sapa-Reuter
SAA will fly to US soon if talks bear fruit

By John Miller

South African Airways could expect to fly to the United States within the next three months if negotiations between the two governments go according to plan, SAA media manager Leon Els said yesterday.

While talks are taking place between the two governments, SAA has adopted a wait-and-see policy regarding links between with other airlines.

Mr Els said the American government would inform the South African Government of procedures which would have to take place to enable the reintroduction of air links between the two countries.

He said that to date no talks had taken place between the airline, Australia, Japan, Singapore, Thailand and Nigeria.

It was a question of waiting to see when these countries resumed trade links and then air links with South Africa.

Mr Els said the agreement with the Egyptian authorities was still holding. This past Sunday saw SAA’s third stopover in Cairo to pick up returning South Africans.

He said that if and when the airline decided to fly to Nigeria, the destination would form part of its regional route with Kenya, the Ivory Coast and other African countries.

A spokesman for the Department of Civil Aviation said it had not received any applications for landing rights in South Africa.

The spokesman said there seemed to be a tendency for airlines to take up reciprocal rights. Austrian Airlines was a good example, having had such traffic and landing rights since 1969. Another to follow shortly would be China Airlines. This agreement dated back to 1984.

A spokesman at the South African Embassy in Tokyo said JAL, the Japanese national carrier, would wait until its government dropped sanctions before holding talks with South African authorities. A bigger problem for SAA, he thought, would be trying to secure slot times at the already congested airport in Tokyo.

A spokesman for the embassy in Taipei said another Chinese carrier, Eva Airlines, a cargo carrier, might be interested in flying to South Africa but this would depend on negotiations to amend the present bilateral agreement.

A spokesman at the embassy in Hong Kong said there was interest from Thai Air and Singapore Airlines, but any additional carrier from the Far East would have to go via other countries to pick up passengers in order to justify flights to South Africa.

Airlines in the Far East were waiting to see how successful the recently introduced Cathay Pacific scheduled service would prove.
US airlines ‘interested’ in SA

By Ramsay Milne
Star Foreign Service

NEW YORK — US airlines are not exactly elbowing each other out of the queue for landing rights in South Africa, but three of the biggest US carriers were reportedly today to be “interested” in restoring the direct flights that Pan-American Airways once shared with SAA.

The opportunity to restore the direct link, which Pan-Am abandoned as uneconomic in 1985, has come about as a result of the lifting of US sanctions.

Senior SAA and SA Government officials were negotiating in Washington today for the restoration of SAA direct flights from the US to South Africa, which were on a daily basis if the two flights a week from Houston were taken into account.

Spokesmen for three US airlines, Delta, American and United, told me they were “studying the possibilities” of flying to South Africa.

A Delta spokesperson said today: “Yes, we are looking at all our options and the New York-Johannesburg route is one of them.”
NEW YORK - Three of the biggest US carriers are reported to be "interested" in restoring the JFK-Jan Smuts direct flights that Pan-American Airways once shared with SAA.

The opportunity to restore the direct link, which Pan-Am abandoned as uneconomic in 1985, has come about as a result of the lifting of US sanctions.

Senior SAA and Government officials were in Washington yesterday to negotiate the restoration of SAA direct flights from the US to South Africa.
Airlines' catering tests under scrutiny

Michael Fridjhon

The cost for return-loading runs to between R10 000 and R20 000 a flight. The fact that there are several African destinations where return-loading applies speaks for itself. No major carrier can run the kind of risks implicit in e.coli counts of nearly 50%.

Last week’s reports disclosed that the analyses were conducted during the course of last year and that the Department of Health was “investigating the tests”. This suggests that testing procedures rather than catering establishments are being examined.

This makes more sense than any suggestion that bacteria counts ran regularly to near-lethal levels. If indeed the SA Institute of Medical Research (SAIMR) was convinced that food hygiene was so unsatisfactory, why has it taken at least six months for the problems to be investigated?

Lufthansa’s Roy Gomez said: “If there were reports of high e.coli counts at Jan Smuts they would have been published. Even though the analyses may not relate to food prepared at the premises which supplied Lufthansa, he drew samples for testing in Germany. Following the international guidelines laid down for such procedures, the dishes were packed dry and sealed in front of the chef of the establishment in question.”

Airline catering managers are not sure that these procedures are adhered to by the local testing laboratories. Only once the international carriers operating out of Jan Smuts have received the results of the samples drawn this week will the jet-setters know for sure if they need to pack their own caviar.

It is hardly surprising that even in places where airlines are dependent on outside caterers such as at Jan Smuts — they impose rigorous quality control standards. Catering managers conduct frequent surprise inspections. They work to head offfice hygiene guidelines which they insist are maintained at all times.

Airlines have terminated supply contracts on the grounds of unsanitary conditions. Where there is no alternative supplier this means that they must pack food and drink for their return flight at the airport from which the trip originated. The

Jan Smuts food, Lufthansa checked back on their own tests conducted at an independent laboratory in Germany in the last two years. E.coli was found in minute quantities in only one of 55 samples. At less than 2%, this figure is a far cry from the near 50% reported from what may have been another facility.

Food quality is not simply a matter of marketing propaganda. A lot of food poisoning bacteria present symptoms of fever, vomiting and diarrhoea within two to four hours. Not to put too fine a point on this, an outbreak of food poisoning on a packed jumbo could turn out to be a thoroughly unsavoury experience for a carrier’s credibility.

It is hardly surprising that even in the high e.coli counts found in some of the Jan
Gifts to Egypt

Air uncovered

Own Correspondent

JOHANNESBURG — Top SAA officials earlier this month fêted colleagues from Egypt Air with gold jewellery and champagne worth thousands of rands.

The Egypt Air officials received at least eight sets of Krugerand jewellery worth about R2,700 when SAA officials joined them on a chartered Egypt Air flight from Johannesburg to Cairo.

The officials, including SAA chief executive Mr Gert van der Veer, were on their way to Cairo for negotiations on new air links between the two countries. The royal treatment accorded the Egyptians came to light in a telefax communication from SAA's in-flight services manager, but sent inadvertently to Bulawayo.

But SAA officials made no attempt to cover up their largesse.

Mr van der Veer's personal account was billed for four sets of gold Krugerand cuff-links.

'Not sweeteners'

Two sets of Krugerand cuff-links and two sets of gold Krugerand necklaces were billed to the personal account of the airline's corporate affairs director and chief spokesman Mr Leon Els.

The champagne was billed to the account of senior international affairs manager Mr Henry van Wyk.

Mr Els said the gold jewellery gift sets were "definitely not sweeteners" given to win over Egyptian officials who might oppose SAA's bid to fly between Europe and SA via Cairo.

On June 30 SAA was granted conditional landing and overflight rights by the Egyptian government.

- SAA has spent more than R116m on new flight simulators, computers and software to prepare pilots and technicians for the new-generation Airbus A320 and Boeing 747-400 aircraft it has purchased.

- SAA has agreed to buy two Concept 90 simulators, which will augment simulators for the existing older-generation fleet, at a cost of R50m each. They will be used to train pilots who have flown older aircraft — which have analogue gauges, dials and toggle switches in their cockpits — to use the newer cockpits.

A further R16m has been spent on a new ATEC 6000 computer, which will be used in SAA's avionics workshops for testing replaceable cockpit components and instruments.
**Czechs seek air service agreement**

A CZECHOSLOVAK Airlines (CSA) representative is to hold talks with the Directorate of Civil Aviation in Pretoria tomorrow to try to pave the way for a bilateral scheduled air services agreement between Czechoslovakia and SA. CSA Belgium deputy manager Mladen Herdt has been appointed by the airline to conduct preliminary talks ahead of a visit by Czechoslovakia Prime Minister Marian Calfa in September.

Herdt said yesterday that if talks were successful, Calfa and his delegation, which would include six cabinet members, would probably negotiate the details of a bilateral agreement.

SAA spokesman Leon Els said air links between the two countries were unlikely to be established in the short term, but said SAA would welcome the promotion of trade and tourism between the two countries.

Current traffic demands did not justify a new service to Belgrade.

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**SAA puts millions into high-tech pilot training**

SAA has spent more than R116m on new flight simulators, computers and software to prepare pilots and technicians for the new-generation Airbus A320 and Boeing 747-400 aircraft it has purchased.

The airline was the launch customer for a new R36m advanced simulator system called Concept 60.

SAA has agreed to buy two of the simulators, which will augment simulators for the existing older-generation fleet, situated at SAA's Jan Smuts Airport technical base.

SAA will construct a special building to house the new simulators next to the Flight Operations Centre at the airport. The two simulators are expected to be delivered once the new building has been completed.

They will be used to train pilots who have flown older aircraft — which have analogue gauges, dials and toggle switches in their cockpits — to use the newer cockpits, which are equipped to display all flight control and systems information on flat panel cathode-ray and liquid crystal display screens.

SAA currently has two Boeing 747-400 aircraft in service. Two more are due to be delivered next year, and the first of seven Airbus A320s will arrive in October.

The rest of SAA's fleet of 747s, 737s and Airbus A300s all have conventional analogue cockpits and flight systems.

R16m has been spent on a new ATEC 5000 computer, which will be brought into service in October.

It will be used in SAA's avionics workshops for testing replaceable cockpit components and instruments.

The computer will enable the airline to conduct hundreds of simultaneous airworthiness tests on complex components in a short time.

SAA has sent six technicians on training courses qualifying them to use the new computer.

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**Piet Skiet ‘a police agent’**

THE wing-tip Boere Weerstandsbeweging (BWB) yesterday alleged that AHW spokesman Piet “Skiet” Rudolph was a police agent and called on all right-wingers to withdraw their support for the AHW.

In a statement, BWB leader Andrew Ford claimed Rudolph had, since he was detained last year, been working with the security police to trace and return stolen weapons in the possession of right-wingers. He alleged that, since Rudolph's indemnity he had"played into government's hands" by trying to draw right-wingers into negotiations with the ANC and government.

In response, Rudolph said he would not discuss Ford or his statements. The BWB leader and his organization had minimal support and were not important in the fight "against the ANC, SA Communist Party and PAC for repossession of land we have lost."

Ford called on government to arrest and charge Rudolph on a charge of attempted murder. Last Friday, two AHW members were found guilty of plotting to murder Ford. They told the court Rudolph had instructed them to infiltrate the BWB.

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**Exile body says it may close**

THE National Co-ordinating Committee for the Repatriation of SA Exiles (NCRC) yesterday said it might have to close down in the near future.

"Given the present situation, the NCRC endorsed the opinion of its executive that the present rate of repatriation does not warrant the continuation of a large national organisation," a statement said.

The NCRC said another factor was that the UN High Commission for Refugees and government had deadlock on the exiles issue. Government had failed to grant amnesty to all exiles and to allow the UN agency to be involved in the repatriation process.

"As a result, no funds are available to assist the return of exiles." The NCRC said its executive committee had been authorised to reassess the position at the end of July and take whatever decisions it considered necessary.

"This may either be a dramatic scaling down of the present NCRC operation or its closure," it said.

The statement said in the event of the organisation's closure, every effort would be made to assist the limited number of exiles who were still returning — Sapa.
Safmarine ready for influx of competitors

CAPE TOWN — Safmarine is preparing for intense competition for the SA freight market in the post-sanctions era. There are indications that Polish liners are entering the market at lower rates.

But Safmarine MD Tony Farr says Safmarine, the shipping arm of Safrep, has been preparing for the past two years for the development and is confident that Safmarine will be able to maintain its market share. Attention has been focused on providing a value-added and better service.

Safmarine recently launched Saflink, a multi-million rand service network combining the group's sales and marketing operations with Freightmarine's documentation functions.

It has also introduced COMPASS, an on-line software package offered free to customers to allow them to link into Safmarine's international computer network.

Future

Farr expects that liners unwilling to carry SA cargo during the sanctions era will re-enter the market at reduced rates. However, he does not believe they will be able to sustain the lower rates for a significant length of time.

As regards the future of Safmarine, Farr does not foresee much growth in market share in the liner division which will only expand in tandem with the growth in SA's import and export trade.

The low margin bulk cargo service and air freight division, Safair, have been identified as the high growth areas.

The bulk cargo division only has 13% of the SA market and Farr believes there is a lot of scope to improve tonnages of coal and iron ore significantly.

The other growth area is the high margin express freight service provided domestically by Safair as well as its freight service into Africa.

Farr says the express freight market internationally has shown a growth rate of about 9% to 15% annually and, the same could occur in SA.
Air travel to SA "is a rip-off"

LONDON — Air travel between SA and Britain is a rip-off because of the absence of open competition, says a London travel agent.

The cost of a scheduled London-Los Angeles return ticket is nearly one-third less than that of a London-Johannesburg ticket — although the journey to Los Angeles is several hundred kilometres longer.

A charter return flight to Los Angeles costs less than half the cheapest return flight to Johannesburg.

The travel agent believes the introduction of Virgin Atlantic Airways as competition to the SAA and British Airways monopoly on the London-Johannesburg route would force the established carriers to reduce their fares.

He says the cheapest scheduled economy return between London and Johannesburg — on BA between April 1 and May 31 — costs about R2 940.

The cheapest British Airways scheduled economy return to Los Angeles costs about R2 200 — more than R700 less.

But, he says, Virgin has recently offered "specials" to Los Angeles at R1 870 for a return ticket — nearly R1 100 cheaper than the fare to SA.

He says an application to operate a cheap charter service between Britain and SA was turned down recently by SA authorities.

On the impact on fares if Virgin starts operating to SA, the travel agent says: "SAA and BA will bring down their fares to compete with them, as happened in the US." Competition on this popular route, he says, will be "beneficial to the consumer".

Licence

Earlier this week, Virgin Atlantic Airways was granted a licence by the British Civil Aviation Authority to operate in competition with the SAA and BA "club".

Negotiations are due to start shortly between the British Government and SA for Virgin to get landing rights at Jan Smuts. The airline hopes to start operating daily flights between London and Johannesburg next year.

It has promised to cut SAA and BA fares by up to 23%.

Aviation sources say the route to SA, which SAA and BA have operated jointly since 1946, is one of the most expensive and heavily loaded long-haul services in the world, with most of the flights up to 90% full.

It is estimated that BA alone earns nearly R156m a year from the route out of an annual turnover of around R756m.
Department of Transportation's specialist for Africa and Asia.

Pett's department called for public comment after President Bush lifted sanctions against SA on July 10. "None was filed by noon on July 18, so my department will now issue a final order which the President is likely to approve," Pett says. "SAA can apply once our order is final, which will be in a few days. Everything now hinges on when it lets us have its application."

"Our law does not require that formal, bilateral agreements be concluded for an air service to operate SAA can start flying in as soon as we've granted an exemption or a permit, then the two departments of foreign affairs can clinch the formal agreements in their own time."

Pett believes that one of the two international airports serving New York City—Kennedy or Newark—"will arrange a gate for SAA when it's ready to fly in, they always try to accommodate foreign carriers."

SAA spokeswoman Zelda Roux says SAA has applied for landing rights and is looking at Kennedy, not Dulles Airport outside Washington, as some reports have suggested. A spokesman for Civil Aviation spokesman Maureen Nel says her division will present SAA's application to the US Department of Transportation. Pett believes that SAA could be flying to the US very soon, but Roux sticks to the official line of, "perhaps before the end of the year, it depends on how long it takes for the paperwork to be completed."

Jape Smith, Commissioner of Civil Aviation, confirms bilateral air service agreements aren't essential. But foreign airlines wishing to fly in and out of SA without them must ask SAA to apply on their behalf. SAA has not passed along any applications to Smit's department from US airlines.

Most likely the US will award the SA route to one of the country's three biggest and healthiest airlines—Delta, American or United. (The US does not have a national carrier similar to SA's SAA.) But American's GM in SA, Mike Tyler, says rights to the route aren't being hotly pursued because of the recession in both countries. "I believe the US Department of Transportation will call for bids from carriers only once SAA has re-established the route."

Colleen Wagner, GM of United Airlines in SA, says American carriers will normally consider a route only when it can support at least one flight a day; "and we don't have the volumes here to do that."

However, the route does have its attractions. In addition to Cathay Pacific and Austrian Airlines, which started operating regular services to SA recently, a number of other airlines have expressed interest in flying to SA. They are Kenya Airlines; Air Madagascar, Air Seychelles, CSA of Czechoslovakia, Singapore Airlines, Japan Airlines and Qantas. There is no doubt business people will welcome the chance to cut in half the 30-hour trip to the US through Europe and SAA will regain a lot of traffic it forfeited when it lost its US landing rights in November 1986. Its fares will be cheaper and European airlines will be hard pressed to drop their fares enough to compete on the route from SA to the US through Europe.

Izy Etkin of Sabena says, "We operate two flights a week, but are thinking of a third. Not more than 15% of our traffic from SA is destined for the US."

Lufthansa, which flies to Europe six times a week, says 8% of its passengers from SA fly to the US through Frankfurt. Spokeswoman Karin Lambson says: "We believe we'll get more passengers now that sanctions have been lifted, SAA will pick up a lot of traffic destined for New York, but we fly to 18 destinations in the US and we'll pick up most of the traffic that flies beyond Kennedy, which is a hassle airport."

Malcolm Freeman, British Airways' SA manager, says he isn't concerned about the prospect of BA losing up to half of the 18% of local passengers who fly to the US. Like Lambson, he believes it will lose out mainly on the New York route, not the 22 other US destinations the airline flies to. "It's easier to transit in London than in New York and, with increased business travel due to sanctions being lifted and tourism to SA recovering, we'll recoup that 9% very quickly. We operate 10 flights a week. In the

SA AIRWAYS Fm 24/11/91

GETTING CLEARANCE

The paperwork needed to clear a landing for SA Airways in the US is zipping along. SAA can apply in a few days for rights to fly to the US and it's assured of getting permission almost immediately, says Mary Pett, the US
Making a meal of new trade opportunities

The entry of more international carriers into South Africa, following the arrival of Cathay Pacific and Austrian Air in recent months, holds much promise for an industry which has borne the immediate brunt of economic sanctions.

Its most pressing need, however, is to produce the value added food items required for inflight meal production.

Air Caterers, jointly owned by Swiss Air and Fedics — the largest, international catering company in SA — is the international inflight service division of Fedics and prepares meals for most of the overseas-bound carriers. The balance is provided by Air Chefs, another division of Fedics, which is the sole supplier of inflight services to SAA.

Air Caterers operations director Karsten Tripmaker says although no definite word has come from international airlines, plans have been approved to expand its production facilities at Isando and Spartan, to lift current production from 4,000 to 7,000 meals a day, thus enabling it to service a further five international carriers.

Prior to the arrival of Cathay Pacific and Austrian Air, Air Caterers was producing about 3,000 meals a day. This number has now leapt to 4,000 meals a day as a result of their entry.

Tripmaker says Air Caterers is currently increasing its capacity through a number of internal changes in its facilities. Though he will not divulge how much money is being spent, he says these changes will mean larger kitchen, storage and bond store (duty-free liquor storage) facilities at both Isando and Spartan.

Builders and equipment suppliers have already been awarded contracts; for instance, larger dishwashers and blast chillers are on order, and the re-vamp should start next month. The largest portion of the upgrading will be complete by year's end. The rest, primarily the building work, will be finished in early 1992.

On the supply side, Tripmaker says Air Caterers is continually looking for value-added products.

Those presently on the South African market are not suitable for his needs — for example, the proliferation of frozen foods.

What the company is seeking is portioned meat, a demand yet to be met satisfactorily, despite attempts made so far.

Rigid

Airline requirements are particularly rigid in terms of quality, and quantity and SA is yet to catch up to countries like the United States in this respect.

"At present, Air Caterers subcontracts out for the supply of baked goods, smoked salmon, processed meat and confectionery (cakes and desserts), but it is still on the look out for new innovative products — particularly in the dessert line.

"Even basic things like pre-portioned coffee creamers in liquid form are unobtainable locally. "These coffee creamers are presently being imported at a premium," Tripmaker says.
Bus fares to be increased by 15 percent

Staff Reporter

BUS fares go up an average of 15 percent on Sunday.

The increase could not be put off any longer, said City Tramways general manager Mr F. E. Mayoss.

He said that since last August the company's operating costs had continued to increase steadily and referred to the fare reduction in November.

"The company has been paying higher wages since January without passing the additional cost on to passengers."

'Cash fare increases range between 35c for a 12km ride and 95c for 50km. Subsidised clipcards go up an average of 15.5 percent. Pupils under 13 will pay R7.50 a clipcard and under-17s R11.50. Pensioners' clipcards go up to R8.20.

Clipcards bought before Sunday will be valid for 14 days after the date of purchase.

Train delayed — L. Wright is saying you're sorry.

— page 6.
Disabled bus users feel the pinch

By Louise Burgers
Municipal Reporter

Disabled bus commuters and students have petitioned the Johannesburg City Council to reintroduce season bus tickets or face protest action.

Students and disabled people have been hard hit by the withdrawal, on July 1, of season tickets which cost a person on a disability grant R31 a month and students R59 for three months unlimited travel.

Both groups have to buy bus tickets at between R11,70 and R20 for 10 bus trips and bus fares are set to increase on August 1.

Several welfare organisations have petitioned the council to introduce special concessions for disabled bus commuters and Wits students.

Students have decided to campaign for some relief against the high fares.

The city council maintains it was losing in excess of R1 million a year with season tickets and contends that this facility was being abused.

Bernice Dobson, who now has to pay a monthly R140 on bus tickets – half her R304 monthly disability grant, said: "She uses three R11,70 tickets a week, having to change buses to get to the Belgravia centre where she is on a rehabilitation programme. "I can't afford it. I only have R10 to R15 left a month to buy my toiletries and I have to rely on relatives to buy my clothing. "I don't know how I'm going to manage, and there are many of us like this."

For other welfare and self-help organisations which employ the mentally and physically handicapped and pay their transport costs, the price of bus tickets has tripled.

"In June, Goodwill Industries paid R2,500 in bus tickets for 130 employees. In July the cost rose to R7,000. Their R40,000 grant-in-aid from the city council will only cover the cost for five months," Secretary Janthe van Rensburg said they might be forced to ask some of the most mentally disabled people to pay their own fares, which most could not afford.
Bus passengers will pay up to 20% more

BUS commuters in Johannesburg and Cape Town this week face fare increases of 20% and 15% respectively.

Bus operators cite soaring operating costs for the rise.

Passengers in Johannesburg will pay 20% more from tomorrow — the second increase in six months.

While the January increase was to cover fuel price rises, this increase was to offset the inflation rate in the bus industry, said a Johannesburg Transport Department spokesman. "The Bus Operators' Association says it is up to 23%," said Mayoss. — Sapa.
SAA to raise domestic fares

SAA's domestic air fares will rise again next week, the sixth increase in less than a year.

A spokesman said yesterday the airline would announce the increase before the end of next week but would not say how big it would be. B. D. J. 31.7.91

The latest increase will be the second in slightly more than a month. On June 27 the airline announced a 3.5% increase to accommodate the introduction of VAT. All tickets bought for use after September 30 have been subject to that increase.

Last year domestic air fares rose seven times, and most of them were related to the Gulf crisis. In September fares rose by 12%, followed by an 8% hike in October and 10% in November. Fares fell by between 2% and 6% in December, when the price of aviation fuel dropped.

SAA fares

The poor financial performance of SAA's domestic service is also thought to be a factor behind the latest fares hike.

This division has recorded losses for the past three years and contributed to the decline in SAA's financial fortunes in the last trading year. Overall profit this year is expected to be R120mn down on last year.

but SAA's latest financial report has not yet been released.

Domestic services executive manager Johan Kooi said recently domestic fare increases had remained below the consumer price index since 1985, and would continue to do so in the short to medium term.

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Lufthansa cuts SA-bound fares

LINDEN BIRNS

LUFTHANSA will cut air fares for flights from Germany to SA by up to R300 to boost lagging tourism on the south-bound route.

Airline spokesman Korn Lambson said yesterday the new fare — marketed as the “Lufthansa Special” — was also available to South Africans buying tickets to send to relatives or friends in Germany.

Although the tourism slump was attributed to the Gulf War, the market has not yet fully recovered.
Local air fares up 5 times in a year

By John Miller

An 8.9 percent increase in domestic air fares by South African Airways with immediate effect — the fifth increase in a year — has been described by Democratic Party MP Tony Leon as "merely a way of funding a bureaucratic empire".

Three weeks ago, the airline announced a 3.9 percent domestic increase to coincide with the introduction of VAT on September 30. The series of air fare rises began last August with a 12 percent increase, followed a month later by one of eight percent. Last November, domestic fares were increased by another 10 percent.

The last two increases were attributed to the Gulf War and described as fuel surcharges. Last December, the airline announced a 6.7 percent reduction on all domestic air fares following the drop in world oil prices.

The latest increase has been attributed to a drop of 14 percent in the value of the rand against the dollar since January, a 10 percent wage increase and a drop of 18 percent in the number of passengers using the airline.

At the beginning of last year, a single economy-class ticket from Johannesburg to Durban cost R166. With the latest increase it now costs R230. Similarly, a ticket from Johannesburg to Cape Town last year cost R305 and is now R332.

Mr Leon said: "I find it quite contradictory, if there has been a reduction of passengers SAA should make their prices lower and not higher. They are now going to find they will have even fewer passengers travelling on their planes."
JOHANNESBURG bus commuters will pay 20 percent more for their tickets from today - the second increase in six months - while pensioners' fares double to 20c a ride during off-peak periods.

Pensioners over 70, however, will travel free while schoolchildren will pay the full price if they do not have special coupons.

"This increase is to basically offset the inflation rate in the bus industry," a spokesman for the Johannesburg Transport Department said on Tuesday.

The increase that went into effect in January was to cover fuel costs, the spokesman said.

The spokesman, who declined to be named, said the Johannesburg City Council approved the increase about three months ago.

"We have to cover costs. The spares from overseas are very, very expensive. Then there are the wages and fuel has gone up tremendously in the last year."

He said the department was re-allocating buses and not decreasing the number in service.

"We are putting them where they should be," the spokesman said.

Sapa
Domestic air fare rises
soar above inflation rate

DOMESTIC air fares will have risen
by more than double the inflation
rate in the past year when SAA intro-
duces an 8.9% fare increase at the
beginning of next week.

The airline says the increase is to
compensate for inflation, and added
to the burden is a 3.9% additional
increase to cover VAT.

Yesterday the airline announced
an immediate 1% increase on domes-
tic air fares in addition to the Sep-
tember rise. Yesterday's increase
meant fares had risen by 25% in a
year.

SAA spokesman Leon Els said yest-
yesterday that businesses would be able
to claim back 12% of next week's
effective 13% increase in terms of
VAT regulations, but only after the
end of September.

Between December 1989 and Sep-
tember 30 1991, domestic air fares
will have risen by 57%. The Consum-
er Price Index — (base 100 1985) —
rose by only 27% over the same
period.

The new increases will mean that
single economy tickets from Johan-
nesburg to Durban go up from R204
to R231

Yesterday's increase was the sixth
since December 1989 although fares
were cut by 7% last December in line
with a drop in fuel prices.

SAA spokesman Leon Els said the
latest increase was implemented to
offset a 10% general wage increase
and the weakening of the rand
against the dollar by about 14% be-
tween January 20 and June 28

The airline's domestic service is
experiencing a slump in passenger
volume with figures down 16% be-
tween January and May this year
compared to the same period in 1989.

SAA said last night that due to an
administrative error incorrect domes-
tic fares were made available to
travel agents yesterday.

Link Airways is also considering
implementing an increase by the
month end CE John Morrison said it
would probably be about 5%
New look Point coming nearer

DURBAN — The multibillion-rand Point waterfront redevelopment scheme in Durban is expected to begin early next year.

Point redevelopment committee vice-chairman Peter Mansfield said yesterday plans for the revitalisation of the 50 ha of prime land would be drawn up within three months.

"If all goes well, and we are determined it will, the plans will be approved by the city and Portnet later this year," he said after a planning workshop yesterday.

There would be significant progress within two years, but the project could take 20 years to complete.
R600m Johannesburg project to go ahead

THE creation of a new conference centre and 200-room hotel in Johannesburg, the first development phase of which will cost an estimated R600m, is to go ahead.

Announcing the move yesterday, the SA Rail Commuter Corporation (SARCC) said the first phase would focus on the upgrading of the Rotunda and the creation of a terminus for luxury buses.

A conference centre for 2 300 delegates, with restaurant, retail and office developments, is also planned.

"Financial institutions and property funds will be offered the opportunity of participating in the financing of the project," SARCC GM property management, Mr Ackerman said in an interview.

"In addition, we will be floated a company known as the Johannesburg Tourist, Trade and Convention Centre Company."

SARCC and Transnet are behind the scheme as it involves the use of "air rights" above the railway lines and sidings west of Park Station and the Harrison Street Bridge. The centre will be built on the "airspace" next to the Rissik Street bridge.

"A 200-bedroom hotel is also planned, but falls into one of the other phases. We are considering several possible sites for the hotel, but I cannot disclose further details just yet," Ackerman said. He also declined to name the hotel group involved.

Tenders are expected to go out by mid-August and the project could kick off by the end of the month, Ackerman said. The centre is scheduled for completion by early 1996.
The great SAA fare fiasco continues today as the airline's central reservations office was issuing quotes at variance with SAA's latest fare increase announcements. Oddly enough, contrary statements this week have led to widespread confusion and anger.

The airline's fare increases were expected to take effect today until Sunday, and pay one percent more until Sunday than 10 percent more from Monday, and a further 0.9 percent on September 30.

The series of domestic fare increases will mean that from today until Sunday, passengers travelling between Johannesburg and Durban will pay R206 for a single economy class ticket, and 1277 between Johannesburg and Cape Town.

From Monday, these fares will go up to R222 and R417 respectively.

The comedy of errors began three days ago and was caused by a computer 'gremlin'.

Several travel agents contacted the Star this morning, saying they were 'outraged' and accused the airline of incompetence.

One agent, who wished to remain anonymous, said that not even the SAA representative for his area knew what was happening yesterday.

Confusing continued this morning when the airline's central reservations office said:

'When asked what the Durban and Cape Town fares would be next week, the Star was quoted only one percent increase, even though management is 'insistent' that an 8.9 percent increase comes into operation on Monday.'
Czech airline hopes to fly to SA soon

AGREEMENTS on air links between SA and Czechoslovakia could be in place by the end of next month, with the first flights taking place next April, a spokesman for Czechoslovak Airlines (CSA) said at the weekend.

CSA deputy manager for Belgium, Mr Adam Buchman, said that talks might fly to Durban or Cape Town instead of Johannesburg.

Mr Buchman, who has been in SA for three weeks, said he had initially thought that SAA was trying to block CSA's attempts to establish air links.

"At our first meeting I had the impression that SAA was trying to block or stop attempts to establish links, but at the latest meeting last week its officials showed a much more open attitude."

Before flights can begin, CSA will appoint a local general sales agent and open offices in Johannesburg.

CSA is investigating the possibility of landing its aircraft in Cape Town or Durban in support of moves by both cities to decentralise SA's international aviation gateways.

Air link drive on the business traveller, but will probably also introduce some discount tourist fares," said Mr Buchman.

Because of the size of the aircraft, only business and economy class seating would be available.

While he was unable to quote a rough economy class fare, Mr Buchman warned that CSA's fares would not be low.

"If our fares were cut, then we would not be able to provide the in-flight services which are necessary on such long-haul flights."

It was unlikely that any deregulation of SA's international aviation policy would encourage a decrease in air fares. Instead there would be fierce competition in terms of service, he said.
SA airfares among world's cheapest, says recent survey

DOMESTIC airfares in SA are the fourth cheapest in the world and are less than 50% of those in the UK and US, a recent international survey has found.

According to Business Traveller magazine, South Africans — until this morning — paid only 8c a kilometre on internal flights. In the UK, passengers pay 85c/km, while in the US the rate is 95c/km.

Egypt offers the cheapest domestic airfares on average with a kilometre cost of 11c for local residents and 8c for foreigners travelling within the country. Thailand is the next cheapest with airfares averaging 25c/km.

Switzerland was rated as having the most expensive fares at more than R3.50/km, followed by Germany, Sweden and Canada with fares of R1.18, R1.33 and R1.50/km respectively.

The survey did not compare apex and other discount fares carrying advance reservations requirements, as these were not the type of tickets which most business travellers bought. Most domestic flight tickets bought by businessmen were booked at most 4 weeks before departure.

An 8.9% hike in domestic SAA fares becomes effective today. This follows a 1% increase last week.

An industry spokesman said at the weekend that domestic air fares were unlikely to drop with the entry of new local airlines into the recently deregulated domestic civil aviation sector.

Airlines Association of SA chairman John Morrison said basic air fares for the business traveller were unlikely to decrease. "What we will probably see is the introduction of innovative fares for the tourist market," he said.

So far only Trek Airlines, which is to be officially launched on August 20 — possibly as Flighthair — has announced that it plans to offer meaningful competition to SAA on the high density trunk routes. It is unlikely to offer dramatically lower fares than SAA.

Trek MD Jan Blake said at the weekend that profit margins on air fares in SA were minimal and that airline offering lower fares would find itself in a loss situation.

Morrison said it was likely that deregulation would prompt the smaller companies to merge, forming stronger commercial units.

Last year, Magum Airlines, Citi Air and Border Air merged to form Link Airways.
Mid-year doldrums for freight

The SA freight market continues to drift along in the mid-year doldrums, with rates showing an easing tendency, Afrotar reports. However, there is still an optimistic feeling for the later positions and this is also being reflected in the Bifex index, which is indicating higher levels for the later positions.

Pointers which give owners more confidence seem to be grain-led, with Soviet purchases continuing. There has been an announcement that a further 600 000 tons of wheat will be moved during August/September, presumably mainly out of the American gulf, with a small amount out of South America.

The Soviets have already been taking tonnage on a quiet basis.

Following serious flooding in key grain-producing areas, the Chinese are now faced with having to import large quantities of grain. This is encouraging owners about the Pacific market, as presumably most of the imports will be from the US west coast, Canada or Australia.

Ironically the Chinese are experiencing a drought in the southern part of the country. In fact, there have been good harvests in recent years. This means grain reserves are actually high, but storage facilities in China are not good and therefore the quality of the stored grain may be poor.

Notwithstanding these developments, conditions in the Atlantic are easing further as overall demand seems to be slackening and early tonnage appears in good supply.

Easier conditions are also being seen in the Pacific area for most sizes.

The SA market is continuing to project an easement but tending to resist further reductions.

The number of handy-sized vessels available in August looks to be less than expected, but demand is also down. At the same time there is perhaps less enquiry for vessels to load steel out of Brazil so the status quo is maintained.

There was an uncertain feeling in the coal trades, which has seen some confusing fixtures. For instance, a Cape-sized cargo was fixed from Richards Bay to Rotterdam at $9 per ton, which seems slightly high, as against the previous figure at $8.50 which, by the same token, was considered a low level.

There were a number of handy-sized cargoes in the market, such as from Durban to Iskenderun in Turkey, for which charterers were indicating $17 per ton, as was also the case for a Maputo cargo.

There was also interest in smaller-sized cargo to Britain, for which a rate of about $3 was indicated for 8 000 tons from Maputo for loading in the second half of August. A 20 000 ton cargo was also being quoted from Durban to Brazil for August loading.

Ore charterers were quoting a cargo of 52 000 tons of iron ore from Saldanha Bay to China for early September loading, and were looking for a rate in the region of $12 a ton. A 40 000 ton cargo of manganese ore was quoted from Port Elizabeth to Dunkirk for an end-August position.

IN DAD

But is Garet...
"No shift' in govt's transport funding

PRETORIA — There would be no major shift in the allocation of funds for transportation in the near future, Transport Minister Piet Welgemoed said yesterday.

Speaking at the opening of the 11th Annual Transportation Convention, he said the reason for this was the limited funds and the demand for improved housing, education and health facilities.

In the light of this, a heavy burden would be placed on the expertise of transportation professionals to provide, maintain and operate the transport network to levels acceptable to users.

"To address these challenges, the Department of Transport is implementing a proactive transportation research programme concentrating on identified focus areas."
Easing of SA-UK air agreement proposed

LONDON — Britain's Department of Transport will shortly begin negotiating to relax a 20-year-old bilateral agreement restricting the number of airlines allowed to operate between the two countries.

This follows the granting last month by Britain's Civil Aviation Authority of permission for Virgin Atlantic Airways to run a service between London and SA.

Department spokesman Paul Miller said yesterday that his department was holding talks with both Virgin and British Airways, which is currently the only British airline operating to SA.

Once the department had ascertained what Virgin's plans were and heard BA's side, he said, they would approach the South African authorities "to cover the Virgin point".

And, according to informed British aviation sources, Britain is expected to argue for a "more liberal agreement".

Virgin corporate affairs director Will Whitehorn said yesterday that should the agreement be changed, Virgin would immediately make a formal application to SA's Directorate of Civil Aviation.

Virgin hopes to end the 45-year-old SAA-BA duopoly by introducing six additional daily return flights a week, with the service coming into operation next year. They predict they will be able to cut fare costs by up to 25%.

The existing bilateral agreement allows for 20 return flights between the two countries a week, 10 each for SAA and BA. Whitehorn said it was unlikely either BA or SAA would wish to reduce their allocation of scheduled flights.

The SAA-BA duopoly, which led to the SA-UK route becoming the most expensive by distance in the world, had held back growth, he said. "It is ripe for exploitation in terms of passenger volumes for both business and ordinary fare-payers."

Whitehorn added that if political change continued, Virgin expected a surge of new foreign investment in SA, but he warned that business people were reluctant to invest in a country where the cost of getting there was prohibitive.
Impatient SAA applies to US for carrier permit

By John Miller

In its haste to get back into the American market, SAA has decided not to wait for the two governments to begin bilateral air talks but to apply for a foreign carrier permit.

Media manager Leon Els said the airline hoped to submit its application within the next two weeks to the US Department of Transport to fly to New York three times weekly.

He said the airline expected to resume links before the end of the year. However, once the permit was obtained it would start market and advertise flights.

He said permission to operate a scheduled service between Johannesburg and New York could be seen as an interim measure until the two governments had signed a bilateral agreement.

He said the airline's legal team was busy completing the application.

"As soon as all the documentation is completed it will be submitted to the Department of Transport in Washington."

Mr Els said SAA was not holding talks with any of the American airlines at present.

It was for those airlines to apply to the SA Department of Aviation for reciprocal landing rights.

When it recommenced its flights SAA would operate on the same route using Ilha do Sal as a stop-over.

This would cut flying time from the present 22 hours to 17 hours.

During its heyday SAA operated five flights weekly to America and at one stage this included not only New York as a destination but Houston as well.
200 aviation applications are held up

LINDEN DINNS

ABOUT 200 aspirant airline operators had applied for registration since the domestic aviation industry was deregulated six weeks ago, aviation sources said yesterday.

But not one application for a scheduled or charter service had been approved by the Transport Ministry as the transport minister had not set up a facility to handle the applications.

The prospective airline operators had been told there was an administrative hold-up.

Directorate of Civil Aviation (DCA) chief director Jaap Smit yesterday confirmed that applications would not be considered until a new licensing board had been appointed by the Transport Minister Piet Welgemoed.

Smit said he was aware of only one applicant and not 200.

Favouring

All licence applications submitted before the end of June had been processed, but after the introduction of deregulation legislation on July 1, applications had been held up, he said.

In terms of the new Air Service Licensing Act, all applications to begin scheduled or charter flight services have to be presented to and evaluated by a five-member licensing board.

The new board will replace the National Transport Commission which, under the old Act, was responsible for granting licences.

Smit denied allegations from sources close to the industry that DCA was "paying lip-service to deregulation" by favouring Trek Airlines and blocking other applicants.

The sources asked not to be identified as they feared that could prejudice their applications.

"We are experiencing an administrative hiccup with the processing of applications, but we hope to have that resolved within a few days," said Smit.

He added that nothing could be done until Welgemoed formally appointed the five-man board.

Smit said Trek Airlines, Comair, Link Airways, Safair, Freighters and Meta-mia were all granted their licences in terms of the old legislation.

In another development, Smit confirmed he was awaiting word from the UK's Civil Aviation Authority (CAA) on arranging negotiations for the liberalisation of the bilateral air services agreement between the UK and SA.

This follows the CAA's decision to grant rights to UK-based discount airlines Virgin, which has applied to begin scheduled flights to SA.

In terms of the current agreement, only SAA and British Airways may operate scheduled flights.

"An amendment will first have to be made to this bilateral before we (DCA) can consider granting additional carriers operating licences," said Smit.

DCA would consider the merits of Virgin's application, but would also view them in terms of SA's current international aviation policy.

Smit, who also chairs a steering committee investigating the liberalisation of aviation policy, said a report was being formulated and he hoped to present it to Welgemoed by the end of the year.

He would not comment on the committee's findings reached so far.
Hope for decision soon on who controls toll roads

The Argus Correspondent

DURBAN. — Within a month the government hopes to have decided who is to control the toll roads in Natal. A statement is expected soon.

Indications are that Toll Highway Development and Toll Road Concessionaires will be appointed mere agents and not sole owners, because the government accepts that it cannot get privatisation legislation through parliament.

In 1986 the Roads Board entered into agreement with Toll Highway Development and Toll Road Concessionaires to operate some roads on an agency basis, compensating on a monthly basis for administration, management and maintenance.

The two companies raised R1-billion to construct the toll roads and the government is repaying them.

It costs R24 in tolls to drive from Durban to Johannesburg in a car.
AN alleged rampage by a gang of thugs on a commuter train at the weekend has provoked a row between a Democratic Party MP and the police.

DP transport spokesman Mr Robin Carlisle said 10 men boarded a train in Woodstock on Saturday and robbed passengers.

Police said the only report they had received was a complaint by a woman, who said she had been robbed of her handbag and shopping bag.

A spokesman said that in spite of exhaustive checks, no trace of the stabbing could be found.

The Rail Commuter Corporation (RCC) said yesterday that incidents of crime on trains travelling throughout the Peninsula had dropped significantly over the past few months, reports DANIEL SIMON.

By the end of the year commuters should once again feel safe to use train services, said RCC marketing manager Mr Koen van Niekerk.

Spoornet is reported to be investigating the possibility of printing a toll-free telephone number on train tickets for passenger use in the event of attacks or muggings during train journeys.
US and Aussie bans near end

World skies open to SAA

By John Miller 9/8/92

South African Airways hopes to be flying to New York three times a week by the end of the year — and direct flights to Australia could be resumed before Christmas.

Imminent resumption of the air links, cut in 1986, follows last night's announcement by the US Transportation Department that it had ended all aviation sanctions against the Republic.

SAA's application to fly to the US will be submitted to the authorities in Washington within two weeks, media manager Leon Els said today.

SAA intends to begin the service with three weekly flights on the previously lucrative New York route.

A spokesman for the Department of Civil Aviation said no applications from American airlines to fly to South Africa had yet been received.

However, they expected such a request to be made through SAA, as this would form part of a commercial agreement.

Before air links were cut by anti-apartheid legislation, Pan American Airways and SAA shared the route.

More good news for festive season travellers is that SAA and Qantas are aiming at direct air links between Australia and the Republic by the end of the year.

Hopes that SAA may soon resume its direct flight to Perth — stopped in 1987 — follow reports that Australian Prime Minister Bob Hawke told a local newspaper it was his government's duty to lift sanctions as soon as possible.

Mr Hawke told the paper that links would be restored once the repatriation of exiles and the release of all political prisoners had been completed in South Africa.

Mr Els said today the airline had not yet received official notification from Canberra, but "once the official green light is given we will immediately begin negotiations to recommence the flights between the two countries."

A spokesman for Qantas said there was no official word from the Australian government, but like SAA they would like to reintroduce flights before the year-end to cash in on the holiday season.

The twice-weekly flights were among the most profitable in the world.
Not quite ready for the market

By now, SA Airways should be running like a business, but last week’s bungle over its fare hikes indicates that it’s still not ready for the rigours of a deregulated market.

Quickly dubbed the “faux pasco” on newspaper posters, the episode left travel agents, business people, tourists and even SAAN personnel confused and angry as fares soared, plummeted and eventually evened out. The saga has renewed doubts over whether SAAN can cope with the growing competition – it will face soon on both domestic and international routes. It has increased resentment towards an airline that many customers feel is monopolistic, expensive and not as service-oriented as it should be.

Says DP MP for Houghton, Tony Leon, “The bungle bears eloquent testimony to the management disorganisation from within.”

The series of events began on Wednesday of last week, when SAAN announced an immediate 8.9% increase on domestic fares – the fifth in less than a year. One reason the airline gave for the increase was its falling number of passengers, prompting critics to ask what the airline will charge when it has no passengers.

Then, the next day, SAAN reassuringly announced that it had erred. An increase of only 1% would take immediate effect, then on September 30 fares would increase by the full 8.9% to cover VAT.

But following the day, SAAN again reversed field somewhat red-faced, it explained that the 1% increase would last until only August 4, then fares would jump 8.9%. Finally, on September 30, fares would rise by another 3.9% to cover VAT. The bottom line: an economy seat between Johannesburg and Cape Town costs R167 one-way. From September 30, it will cost 9.3% more.

SAAN fell back on that old standby, a gomolin in the computer system, when assigning blame for the faux pas. Certainly a full explanation from SAAN CEO Gert van der Veer would have gone further in restoring the airline’s credibility than a series of ad hoc statements from its public relations department, but Van der Veer made no comments during the episode.

What he missed was an opportunity to put the fare hikes in the best possible light. Though VAT will be 12%, SAAN is raising prices only 3.9% to cover VAT. SAAN is avoiding a full 12% increase on September 30 by passing along to travellers the tax rebates it receives on capital expenditure (GST is not charged on air tickets).

Leon, nevertheless, slams the increase. “The one thing SAAN has achieved is flying high above the inflation rate.” The latest increase means that domestic fares have soared by 57% since December 1989, while the Consumer Price Index has risen by just 27% over the same period.

But SAAN spokesman Leon Els says the increase is needed to cover, among other things, a 10% wage increase and the rand’s 14% drop against the dollar this year. “More than half of our costs for domestic flights is in foreign currency. Equipment, spares and fuel are all paid for in dollars.”

Els points to the Gulf crisis as a major reason for the spate of increases over the past year. In addition, he says, SAAN had to make up for the two-and-a-half years when government pressure to keep inflation down prevented SAAN from hiking fares.

Despite all this, SAAN still claims to have among the cheapest domestic fares in the world. Last month, Van der Veer said he had often challenged the media to show him lower prices but no-one had taken up the challenge (The FM did take up the challenge last year [Business & Technology May 25] and showed that US domestic fares were lower than SAAN’s, when the purchasing power of the rand, rather than the exchange value, way economy ticket, depending on how long in advance they book and when they want to go. Though SAAN has increased its range of discounts in recent years, it is still far from matching the types of discounts promoted elsewhere.

Sophisticated discounting is made possible through computerised yield management systems designed to extract every possible cent of revenue from every seat. Used for many years in the US, the system figures how much to charge for every flight and seat right up to departure, it tells airlines how many seats to sell in advance and how many to hold to catch last-minute passengers for the full fare.

Don’t look for big discounts

Says United Airlines SA manager Colleen Wagner, “Airlines have to know the ebb and flow of flights. But this isn’t difficult because they’ve been watching the market for years.” Even unforeseen events can be provided for “Last year, SAAN acquired a yield management system, but drastic discounting isn’t on the cards. Claims Els, “You can’t fly a plane only on discounted fares; there must be a balance between full and discounted fares.” Discounting in SAAN can’t follow trends in the US because we don’t have the same passenger volumes.”

Wagner, however, stresses the importance of filling flights. “Obviously we would all like to have a high yield, but a lower yield is better than no yield.” Says one travel agent, a discounting specialist. “Yield management dictates the necessary price required for the seat to make a profit. Most perishable goods in the world are empty airline seats.”

Even with five fare increases in a year, SAAN still loses money on its domestic flights, where it has always held a monopoly on the busiest routes.

Says MP Leon. “Clearly its internal systems have failed. A total management revamp is needed and the bureaucracy has to be cut.” Travel industry observers suggest that under-utilised routes should be altered and possibly terminated if they can’t make money. SAAN confirms that certain routes have been rationalised and others will be, if necessary.

The best solution for SAAN’s ills, of course, is meaningful competition. With domestic flights now deregulated, Telair Airways plans to start competing head-on with SAAN at the end of October. But Telair already has indicated that lower fares aren’t on the agenda. Says a Telair spokesman, “The last thing we want is a price war with SAAN.”

But the first thing travellers want is lower fares and that may be what Telair must offer if it wants to stay in business.
Call to ease burden of bus subsidies

PRETORIA — The subsidy burden on taxpayers would have to be reduced to a minimum, Department of State Expenditure chief director Piet Rademan said this week.

Addressing a commuter transport convention at the CSIR, he recommended a wider application of the "user pays" principle.

Ever-growing demands for social funding left the exchequer little scope for increases in subsidies or for providing new subsidies, said Rademan.

Some unpopular decisions would have to be taken as government's burden had to be reduced or carried by more shoulders.

"It is clear that increases in the quantum of subsidies cannot simply continue as in the past."

He warned the magnitude of commuter subsidies would have to decline on a national level in line with the devolution of functions to lower authorities.

Bus subsidies increased from 0.58% to 0.65% of the national budget in 10 years, which amounted to more than 40% of the transport budget.

Cabinet had ruled that responsibility for transport subsidies should be allocated on a localised basis.

Mechanisms and procedures had to be finalised so that regional services councils could start taking over a portion of the subsidy burden from July next year.

Rademan warned, however, that shifting the burden from general taxpayers to local taxpayers did not mean the burden would disappear.

However, another speaker at the convention, SA Bus Operators Association MD Prof J Walters, argued that continued regulation and subsidisation was vital.

Bus subsidies made up less than 1% of the national budget of R8.7bn.

In that overall context the subsidy payments were insignificant, but reducing them had resulted in huge fare increases and hardship.

Commuters had little alternative when voicing anger but to boycott services, stone and burn buses, and organise protests.

He warned that the demand for subsidies would increase due to the massive scale of urbanisation and poverty.
SAAR offers new discount airfare

Johannesburg — A new "Super Pex" fare has been introduced by South African Airways on its European routes resulting in savings of up to 20 percent.

SAAR said in a statement yesterday the new fare would apply to 10 destinations in Europe, and to destinations in Canada.

The cities the Super Pex fare covers are London, Manchester, Milan, Frankfurt, Lisbon, Paris, Brussels, Amsterdam, Vienna and Zurich in Europe, and in conjunction with Air Canada, Montreal, Toronto, Winnipeg, Calgary, Edmonton and Vancouver in Canada.

However, the discounted fares "are only available in specially designated booking classes on specified flights on particular dates", the statement said.

"The cheapest Super Pex return fare to Europe on offer at this stage will be R2,999 to Frankfurt, Amsterdam or Brussels on selected flights during the period October 8 to November 14," according to the statement.

SAAR said people wishing to make use of the special fares should contact their travel agent or nearest SAAR office.

The statement did not stipulate other conditions attached to the fare — Sapa
SAA to end flights to Madagascar

SAA announced yesterday it was to stop its Madagascar flights from the end of this month, but that Air Madagascar would take over direct services between Antananarivo and Johannesburg.

SAA spokesman Zelda Roux said the decision to withdraw from the route was taken before the first wave of deaths occurred last month.

The Department of Foreign Affairs in a statement yesterday warned people thinking of going to Madagascar that they should consider deferring their journeys until the political situation on the Indian Ocean island had improved.

At least 51 people have died and as many are missing following protests, demonstrations and strikes in the capital Antananarivo and the southern city of Mahajanga.

Foreign Affairs said non-essential visits to Madagascar should be deferred, but that travellers deciding to visit the island should contact the SA representative in Antananarivo at telephone number 03-281-2-28019.

Roux said: "There was no political motivation to withdraw from the route whatsoever, and we would consider resuming flights to Madagascar if passenger demand picked up sufficiently."

There were no immediate plans to cancel this Saturday’s flight to Antananarivo, although the situation would be reviewed later this week, she added.

At the height of last month’s unrest SAA had to cancel a Madagascar flight when airport authorities on the island announced that jet fuel would not be made available to refuel SAA aircraft.
Sharp increase in rail tariffs

RAIL tariffs will increase by as much as 50% from the beginning of September for anything but full truckload consignments, say industry sources.

A Spoor net statement yesterday said the tariff hike would not include VAT's 12%, also due in September.

The increases form part of Spoor net's new policy of applying rates along international lines where items are charged according to volume. Previously items were rated according to type of goods.

Spoornet GM Mike Myburg confirmed the proposed increases.

The business community, largely unaware of the proposed increases, greeted the news with dismay yesterday.

Premier CE Peter Wighton said: "When is it going to stop?"

Another top-level source said the move was counter-productive and would boost inflation. "It will increase the price of everything which is moved by rail."

The effects of the new charges will differ according to the category of rates under which the goods previously fell.

For comparative purposes the airfreight industry measures 1m³ at 167kg whereas in shipping 1m³ is the equivalent of one ton.

Industry sources said Spoor net would apply a rating along airfreight lines. It was thus that would send rates soaring.

Myburg defended the new system as it would be "multimodal" — using rail, road and air transport to deliver goods.

A Sacob spokesman declined to comment before seeing details.
Spoornet defends rail tariffs policy

Spoornet yesterday rejected market talk that rail tariffs for anything but full truckload consignments were set to rise by as much as 50%.

Spoornet GM Mike Myburg said that while in some instances rates would increase substantially, there were also cases where rates would come down.

But figures obtained by Business Day indicate that in certain instances the rates would indeed increase by well over 50%.

Myburg said the increases would affect only a small part of Spoornet's business as "the full truckload consignment business accounted for about 96% of Spoornet's turnover".

However, Afrikaanse Handelsinstituut's Joe Poolman said as Spoornet's full truckload consignment business could only be used by companies with private sidings — barely 2% of the industry — these increases would affect virtually the entire industry.

They would hit the small and medium-sized companies hardest as it was only the larger operations which had sidings, he said.

A Rennies freight spokesman said a rise in rates would increase export costs, which would create untold problems for exporters.

The increases were to have come into effect today but are now to be introduced at the beginning of September, a Sacob spokesman said. No reasons were given.

The proposed increases are applicable in what Spoornet terms its FX division. Although the division's contribution to total turnover is about 1%, its income contribution is 9%.

The owner of a medium-sized company which uses Spoornet to transport its merchandise said he wondered why this income contribution was set to become more disproportionate as it was the smaller and medium-sized companies which would be hardest hit by the increases.
New rates system upsets industry

Business Staff

DURBAN—The newly-liberated PX division of Spoornet is next month introducing a new "volumetric mass" method of calculating freight rates for mini-containers — and industry is yelling "foul!"

Keith Young of Contacim, a Pretoria manufacturing company, said the new system could add as much as 50 percent to mini-container freight charges.

"Railways officials are clearly embarrassed at trying to sell the new method they admit is inflationary," he said.

According to Wekus Pretorius, executive manager of the division the new system was being brought in to stop cross-subsidisation by one commodity of another.
And flying into another loss

SA AIRWAYS expects to incur another overall loss for the year to April 1992. It lost more than R30-million (unaudited) in the year to April 1991.

But senior general manager John Hare says the domestic service will for the first time in years show a profit, albeit small.

In the first three months of the current year, the airline lost more than R46-million. Airline losses are a worldwide trend and several international carriers have collapsed. Some airline "beavers" have chalked up huge losses.

Mr Hare says: "Although the SAA figure is worrying, the three months from April are traditionally slack and we usually get back into the black by July."

He blames SAA's woes on the reduced value of the rand — about 50% of the airline's costs are dollar related — and the full impact of international tourism which has cut loads by up to 20%. Other contributors are violence in SA, the worldwide economic slump and SAA's R280-million a-year interest bill, the bulk of which went towards the cost of financing new aircraft.

The price war on international routes is also not helping matters. Lufthansa recently knocked R300 off its fares from SA to Frankfurt.

This week SAA extended its discounted Super Pex fares to Europe by cutting the cost of some tickets by up to 20%.

SAA approached foreign carriers to combine some frequencies to avoid aircraft travelling only half full, but the proposal was rejected.

Mr Hare says the bigger foreign carriers can fly with lower break-even margins than SAA because they do not have to spend as much time in the air. What it really amounts to is a challenge to SA by foreign carriers — chiefly British Airways and Lufthansa.

Turning to the domestic operation, Mr Hare says that in spite of the introduction of an independent service by Trek Airways in October, a re-evaluation of aircraft use, cost efficiencies and rationalization of flights will achieve a turnaround.

He estimates Trek could take nearly 20% of SAA's passengers.

"The future of the domestic service looks better than it has in years," says Mr Hare.
SA under the whip as airline new deal dawns

By ROGER MAKINGS

SA Airways has so far enjoyed its protection and needs it more than ever now that foreign predators are looking in.

Far Eastern, American and Spanish carriers are clamouring for the right to cash in on the newly respectable tourist destination of SA. Existing foreign carriers are crying for more flights and slots in cities other than Johannesburg.

Expansion of trade and especially tourism, which could generate many millions in foreign currency. Money from trade and tourism is far more important to the national interest than the preservation of an airline.

Mr Smit says the Act, which covers both the international and recently deregulated domestic services, has been under review for three years by a steering committee consisting of among others the Humanities Association, the Commercial Aviation Association, the Department of Trade and Industry, Assocom, SA Chamber of Business, the Freight Forwarders Association and SAA - all of which advocate change.

The liberalised new policy, once accepted by the Government, could be in place by this time next year. Changes are needed because of the Act is out of step with political change in SA. The Act should accommodate the planned European opening of skies policy set for 2002.

A more lenient attitude will be taken to charter flights on routes not flown by scheduled carriers.

Not discounted is the introduction of a double devaluation system which could end SAA's controversial control of lucrative fares to be done by the Far East.

Mr Smit says: “We face a juggling act. We have to consider the interests of passengers, the scheduled operators and says it is able to face the challenges. It does not rule out a partnership in the medium term with one of the big three carriers flying to SA - British Airways, Lufthansa and KLM.

SAA chief executive Gert van der Veer says: “But the appropriate scenario must be an evolution of allowing market forces to operate. It is in the interest to the benefit of all concerned - the national interest, passengers and the airlines.”

SAA says it has long advocated an end to the present pricing policy, believing it should be dictated by market forces.

Flexible

Although the charter policy will be eased, Mr Smit says the DCA also has a responsibility to the scheduled operators which have given a concession to fly the route and obey a virtual guarantee of traffic.

Opportunities for operators will stand little chance of getting licences. Only reputable carriers with a proper infrastructure and which offer package tours as well as guarantees that nobody will be blacklisted will be considered.

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Strategy

Because of new destinations opening up to the airline and the possibility of new frequencies on existing routes, SAA would have to drastically review schedules to obtain best use of its equipment. It could conceivably lease extra aircraft.

SAA will not comment on the idea of leasing to the century’s biggest operators of the Far East route. Until the arrival of the Hong Kong-based Cathay Pacific, July 1989. SAA has had the monopoly of the route. Already three other Asian carriers have had their intentions of flying to SA - Japan Airlines, Singapore Airlines and China Airlines.

SAA agrees cautiously with the proposed changes.
Direct air links with Nigeria in the offing

LINDEN BIRNS

DIRECT air links between Nigeria and SA could become a reality if talks between Nigerian-based airline Bellview, SAA, the Directorate of Civil Aviation and Foreign Affairs are successful, a Bellview spokesman said at the weekend.

Bellview's joint owners, Kayode Odiko and Alfred Kasia, were in SA on a discreet visit to examine the SA market, and will return on Thursday to begin talks with the various SA authorities.

"We're in discussion with SAA and the Transport Transport and hope to receive permission to start regular services between our two countries," said Odiko, who described last week's visit as a relations-building drive.

"There is already a lot of traffic between Nigeria and SA, but not on any direct route and that is what we want to set up," he said.

Bellview would establish the route on SAA's behalf. Once political relations between the two countries had stabilised and it was politically viable, SAA could join Bellview on the route or even take it over, he added.

Bellview's Soviet-built Tupolev Tu-154 trijet flew to Jan Smuts Airport on a private charter last Wednesday and returned to Nigeria yesterday morning.

Odiko said the airline operated Boeing 737 passenger aircraft, Iluyshin IL-76s and Antonov An-12 cargo/passenger planes in addition to its 189-seater Tu-154.

Civil Aviation spokesman Stuart Hockwell said he was unaware of any talks having already taken place, even on an unofficial level.

SAA spokesman Zelda Roux confirmed that airline management had held discussions with Odiko and Kasia last week.

"They put their suggestions on the table and SAA has taken note of these, but at this stage we have not taken any decisions or made any firm commitments with regard to Bellview or an air link to Nigeria," Odiko said that after the reception he and Kasia had received he was optimistic of securing landing rights and a scheduled air services operating licence for the route.

with Grey...
Spoornet denies 50% rail tariff hike

Own Correspondent

JOHANNESBURG. — Spoornet has rejected market talk that rail tariffs for anything but full truckload consignments were set to rise by as much as 50%.

Spoornet GM Mike Myburg said that while in some instances rates would increase substantially, there were also cases where rates would come down.

But figures obtained indicate that in certain instances the rates would indeed increase by well over 50%.

Myburg said the increases would affect only a small part of Spoornet's business as "the full truckload consignment business accounted for about 9% of Spoornet's turnover".

However, Afrikaanse Handelsinstituut's Joe Fosman said that Spoornet's full truckload consignment business could only be used by companies with private sidings — barely 2% of the industry — these increases would affect virtually the entire industry.

They would hit the small and medium-sized companies hardest as it was only the larger operations which had sidings, he said.

A Rennies freight spokesman said a rise in rates would increase export costs, which would create untold problems for exporters.

The increases were to have come into effect today but are now to be introduced at the beginning of September, a Saaco spokesman said. No reasons were given. The proposed increases are applicable in what Spoornet terms its 'PX' division.
Rail tariffs set to rocket next month

Johannesburg. — Rail tariffs will increase by as much as 50% from the beginning of September for all freight except full truckload consignments. A Spoornet statement yesterday said the hike would not include VAT's 12%, also due next month.

The increases form part of Spoornet's new policy of applying rates along international lines, in which items are charged according to volume. Previously items were rated according to type of goods.

Spoornet general manager Mr Mike Myburg confirmed the proposed increases.

The business community, who were largely unaware of the new tariffs, expressed dismay.

Premier chief executive Mr Peter Wrighton said, "When is it going to stop?" Another top-level source said the move was counter-productive and inflationary.

Airfreighters reckon 1m³ as weighing 167kg whereas in shipping 1m³ is the equivalent of one ton. Spoornet will apply the airfreight rating, sending rates soaring.

Mr Myburg defended the new "multimodal system" — using rail, road and air transport to deliver goods.
**Buses facing evaluation for safety and efficiency**

Standing room only is a thing of the past for the local bus industry.

Changin commuter patterns are forcing local bus manufacturers to re-examine traditional product ranges, and emphasis is being placed on passenger comfort and safety.

Industry sources said the advent of the minibuses, high fuel prices and the need for an efficient bus system had turned the bus industry's attention to the 24-seater minibuses. They said the minibuses was less cumbersome than the traditional 60-seater bus, more fuel efficient and also suited to long- and short-distance routes.

Econometrix's motor industry analyst Tony Twine said that the minibuses was paramount to assume the role of the traditional 60-seater bus which was being transformed into a dinosaur by economic pressures.

Mercedes-Benz (MBSA) commercial vehicle field operations manager Stan Bromley said there were signs in the market place of a growing demand for the group's Speedliner minibuses as a commuter transport vehicle for the future.

The bus industry has shown a downturn in recent years due to the economic slump, and total sales last year dwindled to 499 units. The total bus industry sales projection for 1991 is a slightly bullish 540 units.

The decline in bus sales is in line with the decline in bus passenger numbers, especially the dramatic drop in black commuter levels.

Bromley said MBSA was "very positive" with regard to future prospects in the bus market across its range.

Dorbyl's bus manufacturing subsidiary Busaf, which has been pursuing export markets to offset the decline in local bus sales, was recently awarded a R10m export order for semi-trailers from a Zimbabwean company.

Dorbyl Transport products MD Rob Duff said Busaf had to reduce and consolidate its range of buses and coaches and provide only quality vehicles.

Medium- to long-term opportunities were also becoming evident north of SA's borders. Further infrastructural development in southern African countries could boost the demand for public transport and provide lucrative business opportunities to SA's bus makers.

Bromley said there had been interest in MBSA's bus products from various African countries.
New domestic airline offers hefty discounts

FLITESTAR, SA's new domestic airline, is to offer discounts of up to 30% on fares at off-peak times, as well as corporate incentive schemes to businesses making frequent use of its flights.

This was announced yesterday by Flitestar MD Jan Blake at the official launch of the airline, which is owned by Trek Airways.

Blake said Flitestar would begin flights on October 15 with two 125-seater Airbus aircraft operating five daily return flights between Johannesburg and Cape Town. From October 30, two daily return flights between Johannesburg and Durban, and one between Johannesburg and Port Elizabeth would be introduced.

Discount fares of 15% will be offered to business class travellers and discounts of between 10% and 30% on economy class tickets during off-peak hours — between 9am and 3pm, and after 6pm. A peak time business class ticket between Johannesburg and Cape Town will be R142, while the discount fare will be R140.

The airline's 36 pilots are being trained at the British Caledonian (a British Airways subsidiary) flight training centre at Crawley in the UK, although British Airways instructor pilots and SAA's Airbus A320 simulators will be used for refresher courses.

SAA's check-in facilities will be utilised temporarily until Flitestar acquires its own counters at Jan Smuts, Louis Botha, D F Malan and H F Verwoerd airports.

SAA CE Gert van der Veer said the entry of Flitestar into an already depressed market posed a definite threat to SAA, but that it would force SAA to sharpen its performance and service. He warned that the public may have to pay for the improvements. "You don't get anything for nothing," he remarked.
Flitestar on course to take on the SA skies

IT celebrate South Africa's latest domestic airline, was launched at a Press conference in Johannesburg yesterday.

It is due to begin operating on October 16 with two aircraft serving the Johannesburg/Cape Town route five times a day.

The Johannesburg/Durban service is due to start on October 30 with a third aircraft and two return flights a day. A daily return service from Johannesburg to Port Elizabeth is also planned.

A fourth aircraft will be introduced on November 15, increasing the Durban service to five return flights a day. A return service between Cape Town and Durban will be introduced in mid-January 1992.

"Flitestar will be offering at least 20 percent of the total domestic market seats on the main routes," Mr Jan Blake, Flitestar's managing director, said.

Flitestar is owned by Safmarine, Rentmeester Investments and Mueklin (Pty) Ltd and has operated since 1953 as Trek Airways.

Blake said Flitestar's service was aimed mainly at the businessman and the number of seats in business class had been increased.

The full complement of 36 pilots were selected from South Africa and all of them hold South African licences.
New name in the sky

Is it a bird? Is it a plane? No, it's Flitestar!
While Flitestar may not be able to change the course of mighty rivers, it will, by challenging SAA's near 60-year monopoly on main domestic routes, change the course of SA's flying public.

Jointly owned by Safmarine, Rentmeester Beleggings and Muelkin, a Pretoria property-and-hospital-owning company, Flitestar will begin operating five return flights a day between Johannesburg and Cape Town on October 16. SAA averages 12 a day.

Formerly known as Trek, which had not operated flights under its own name for years, Flitestar will be the first, and so far only, airline to take advantage of the deregulation of domestic passenger service. Safair, a sister company wholly owned by Safmarine, plans to operate an internal freight air service in competition with SAA.

Flitestar's fleet will consist of four 125-seat Airbus A320-200 aircraft leased from the Guinness Aviation Group. The first two

Aiming at business
MD Jan Blake believes he will get at least a 20% share of the internal market. He is structuring the service to appeal mainly to business travellers and will devote 55% of his seats to business class, which, he says, is nearly the same as SAA offers. He says his advantage will be wider seats and more legroom. And he has opted to base his fares on SAA's to avoid a price war. Generally, he will offer the same discounts. Customers will get 15% off-peak discounts on flights between 9.30 am and 3.30 pm and between 6 pm and 6 am.

Blake is investigating discounts for frequent flyers, but, unlike the US, the person who does the flying won't reap the benefit. Instead, it will be passed on to the company or organisation that pays for the ticket.

SAA has lost money on its internal services for some time, but Blake is confident Flitestar will show a profit or at least break even while charging the same fares as SAA.

“I don't know its cost structures but we will be using the most efficient aircraft in the world for this service, which is a plus factor.”

The novelty of being able to choose between two airlines will help Flitestar initially, but SAA does not plan to lay back and let Blake take his 20% of the market without a fight. Right now, however, SAA isn't divulging its plans for a counterattack. “We are ready for the new challenges,” says spokeswoman Anélia Reinecke. “We have prepared ourselves for deregulation and a very competitive market.”
The sky's the limit

SAA will soon be allowed to overfly Sudan. This follows talks between Foreign Affairs deputy director-general Rusty Evans and the Sudanese leader, General Al-Bashir, in London last week. And this week a SA delegation, including members of the private sector, is due to leave for Khartoum to discuss further co-operation.

Evans's trip to London — where Al-Bashir is receiving medical treatment — came after a secret meeting he had with the Sudan leader 18 months ago in Khartoum. That meeting was arranged through a third party, whose name Evans will not disclose.

"At the time, the discussions were very sensitive. During my first meeting with Al-Bashir the possibility of technical co-operation was mentioned," Evans told the FM after he had returned from London last weekend.

Evans says SA has much to offer Sudan in the fields of mineral and oil exploration and in helping to develop that country's rail system. And "the question of SAA's overflying rights was also mentioned."

SA now has firm commitments from most countries concerned on the question of landing and overflying rights, says Evans. "SAA is already flying to all the neighbouring countries, as well as Zaire, Ivory Coast, Morocco and the Indian Ocean islands. The skies over the African continent are now just about completely open."

This week's SA delegation (including Transnet officials, as well as representatives from Gemma, Messag and Mobil's Engen) will leave for Khartoum in a chartered private jet. The party will have wide-ranging talks on technical co-operation, and possible assistance from Transnet in developing Sudan's rail system; SAA officials will have further talks over flying rights.

It is expected that Evans's visit to Kenya, where he had discussions with top foreign affairs official Bethel Kiplagat, will now definitely result in the establishment of a SA mission in Nairobi. This follows President F W de Klerk's earlier talks with Kenyan leader Daniel arap Moi, when De Klerk visited the Kenyan capital. Evans would not be drawn on future relations with Kenya — but it is expected that SA will have a presence there reasonably soon.

During his Nairobi visit Evans also discussed Mozambique with Kenyan officials. "Together we are trying to help the peace process along. Kenya has an important influence on Renamo and as such is the main force behind the scenes in the peace process. Kenya plays a very constructive role."

The FM has learnt that a Renamo delegation was in Kenya at the time of Evans's visit. But Evans would not comment on whether he had contact with them.

Eddie Schoa
New airline drops prices on lower rate.

While SAA has not yet decided whether to reduce its fares following the change in VAT from 12 percent to 10 percent, new domestic airline Flite Star says it will definitely lower all published prices.

An SAA spokesman said the new VAT rate would be evaluated before changes were made.

Flite Star managing director Jan Blake said fares had taken the 12 percent VAT into account and the lower price would be passed on to passengers. — Staff Reporter
City transport 'in distress'

Staff Reporter

CAPE TOWN'S transport systems are in a state of 'distress' and urgent action is needed to cut through red tape and deal with mounting road problems, experts and businessmen have warned.

A Metropolitan Council for greater Cape Town and a new Metropolitan Transport Authority 'with teeth' will be necessary to provide a workable transport service for the city, says Cape Town Chamber of Commerce.

In the latest issue of its weekly bulletin, the chamber says that a concerted effort must be made to rationalise local government services and bureaucracies in the region.

It supported the assessment of Mr Paul Mann, transport consultant to the City Council, that the root cause of the region's transport problems lies in the fragmented local authorities.

Mr Mann warned that there was widespread distress across the entire transport spectrum in the Peninsula because changes were taking place so rapidly that the system was not able to adapt fast enough.

The bus system had lost 40% of its passengers in ten years and violence on the trains was deterring rail commuters. The poor public safety record of the minibus taxi service deterred passengers.

Increased congestion from people using their own cars cost the city some R200m a year.

Travel on roads in the Cape Peninsula had increased by 60% over the past 10 years while the road system itself had increased by only 10%.

Mr Mann said the deteriorating transport position had been aggravated by poor urban planning.

He recommended a Metropolitan Transport Authority which was empowered to implement sound transport policies.
Safmarine gets half Belgian ship line

By DAVID CARTE

SAFMARINE has bought 49% of the biggest container shipping line in Belgium for $255-million.

Safmarine managing director Tony Farr says CMB Transport has assets of more than $535-million.

The balance of 51% is held by Compagnie Maritime Belge (CMB), which was previously controlled by Societe Generale, described by Mr Farr as Belgium's equivalent of SA's Industrial Development Corporation.

This controlling interest was then sold by Societe Generale to the Saverys family of Belgium.

CMB Transport, a subsidiary of CMB, operates container ships from Antwerp across the North Atlantic, along Europe's coastline, West, East and Southern Africa and South America.

The company owns 18 ships and has interest in six others. Of the 24 ships, 20 are container vessels, two multipurpose and two roll-on-roll-off vessels.

Attractive

Mr Farr says: "We move 220,000 containers a year, it moves 400,000. Like ours, its main business is in the USA, and the company has outstanding growth potential."

Safmarine will play a direct role in CMB management and will appoint Graham Pierce as the new chief executive.

Alastair Macmillan, chairman of Safmarine, which controls Safmarine, says the entry price is attractive to Safmarine.

Safmarine chief executive Buddy Hawton says the main attraction for the Belgians is Safmarine's proven management.

Mr Hawton says: "Our core business is Europe. The purchase is a defensive and an aggressive move on the eve of the political and economic integration of Europe in 1992."

CMB Transport has a major international agency network in Central and Southern Africa and in Europe. It owns a major European trucking arm.

Mr Hawton says CMB's AMI agency operation will marry well with Rennes/Mança operations.
SAA in pact to cut fares to US

LINDEN BIRNS

US-BASED Northwest Airlines and SAA plan to cut air fares between SA and major US destinations by as much as 20%, and hope to introduce the discounts by the end of this month.

A Northwest Airlines spokesman said yesterday that the two airlines had agreed in principle to the fares structure, and that they were waiting only for the US Department of Transport to give its approval.

"We don't foresee there being any problems in getting that approval," he said.

Full fare economy class return tickets from Johannesburg to New York via Europe or the UK now cost R9 230, and Business class return tickets R10 619. Discounts of up to 20% will reduce these by as much as R1 840 and R2 123 respectively.

Tourists purchasing PEX — pre-paid excursion — economy class return tickets two months in advance currently pay R5 566 for flights between Johannesburg and New York via Europe or the UK.

The discount fares will be implemented on flights to New York and several other major US cities..."
Safmarine nets 49% of shipping firm

IN A move aimed at strengthening its European and other international ties, freight forwarding group Safmarine has taken a 49% stake in Belgian-based container shipping line Compagnie Maritime Belge (CMB) Transport for $25m.

CMB holds the controlling stake in the group, which is the biggest shipping line in Belgium with assets of about $530m. This compares with total assets of the more diversified Safmarine and Rennie Holdings (Safren) of about $225m.

Safren's chairman Alistair Macmillan said yesterday Safren would have significant managerial say in the day-to-day running of CMB Transport. To that end Safren was installing Graham Pears as the CE of the group.

He said Safmarine offered its management expertise to CMB while CMB would enable Safmarine to access European and other international markets. CMB transports containers into central and southern Africa, South America and Europe.

CMB owns and operates 24 ships, of which 20 are container vessels and four are multipurpose. Macmillan said this compared with about six pure container ships for Safmarine and about 14 ships with container facilities.

In Safren's latest annual report for the year to June 1990 Safmarine’s ships and containers were valued at $725m.
SAA crisis team: How they pull it together

The Argus Correspondent

DURBAN. — They are at the centre of any crisis and part of their job is to find the “strays” after an emergency.

Their first tragic test was the Helderberg and more recently the sinking of the Oceanos.

There must have been many who wondered why the search and rescue exercise linked to the Oceanos disaster was co-ordinated from Jan Smuts Airport in Johannesburg.

After all, this was a mishap involving an ocean liner, not some aircraft in trouble.

However, a visit to the South African Airways Emergency Planning and Training Centre at Jan Smuts makes it clear why this facility was used as the “nerve centre” for controlling the Oceanos rescue operations until the last passenger had been accounted for.

It was at this centre where, after more than 30 hours of intensive activity, the figure given for the number of people on board was balanced with the number who had been rescued.

Only when the figure “671” appeared on both the left hand column denoting the number of people on board the ship and the right hand column showing the number of people who had been rescued, was it concluded that every person had been accounted for and all search and rescue operations were called off.

However, balancing these figures was no mean task for the team of dedicated people who worked from the early hours on Sunday, August 4, until late in the evening the following day.

Captain Deon Storm, a Boeing 747 captain and managing director of the centre’s emergency planning contingency, said the first word that the Oceanos was in trouble reached ZUR, the 24-hour manned radio room in the Flight Operations Centre at Jan Smuts Airport, late on the night of Saturday, August 3.

The Emergency Planning and Training Centre’s key personnel (Captain Storm, Pat Macfarlane, Mosie Mostert, Jan van Blerk and several others) were alerted immediately.

The centre is sophisticated, well equipped and has personnel trained to handle a disaster. Its effectiveness was fully tested during the Helderberg disaster.

Captain Storm, often referred to in jest as “Captain Crisis”, said soon after receiving news about the Oceanos, TPC Tours was offered the centre’s assistance because of the scale of the disaster.

“TPC Tours said it did not have the infrastructure to handle the situation and, immediately the offer was accepted, the centre swung into action and became a hive of activity,” he said.

“Response teams were alerted in Durban, East London and Port Elizabeth and manpower resources were made available.

“Contact was made with the SA Air Force at Silvermine, which did not have the facilities for matching and verifying the names of survivors against supplied lists, and liaison between the SAAF’s rescue aircraft and the centre was established.”

Captain Storm said the centre became the central communications facility to collate and process “mountains of information” coming in from the tour organiser’s offices, ports, vessels which had picked up passengers and crew, the SAAP and makeshift rescue stations along the Tugela coast, such as hotels.

SAA personnel were on hand to greet arriving passengers at major centres, such as Durban and East London. Details of passengers were faxed to Jan Smuts.

Captain Storm said the task of “balancing our figures” was made all the more difficult because of the confusion which surrounded the number of people who were supposed to be on board the vessel.

“There had to be careful checking of our lists several times before we were absolutely sure everyone on board had been accounted for,” he said.
Increased rail tariffs unlikely to boost road transport, analysts

Increased trade with the rest of Africa and recent rail tariff hikes will give the struggling road transport sector additional business, but the recession will still keep the brakes on real growth, analysts say.

Investors seem indecisive about the potential of listed transport groups.

Analysts said investor interest in this sector was premature as recessionary conditions would continue to slow transport activity for the next nine to 12 months.

Cargo Carriers peaked at 270c a year ago, but slumped to 150c in March after poor year-end results. The share recovered to 190c in April, dropped to 160c, then made a dramatic recovery to 240c in May.

The share is now holding steady at 200c and analysts attribute its recovery to a better performance in the current year after the group won major contracts.

In the year to end-February 1991, Cargo slipped into the red after having to delay closure of two loss-making businesses because of contractual commitments.

Laser was at a 200c high in September but crashed to 100c in June. The share made small gains on the news of expansion into Africa, the opening of a European office in Rotterdam and the winning of the Foden truck franchise.

Market expectations are that the group will resume its strong growth under stable economic conditions and also benefit from its routes into Africa.

Analysts said the recent 50% increase in rail tariffs could have triggered off small price gains, with investors expecting to see additional business flow to road freight groups.

Industry sources said that while Spoor-net’s tariff increase could prompt some businesses to use road transport again, rail tariffs for bulk containers were still competitively placed against road transport rates.

Analysts warned that ventures into countries north of SA’s borders should be viewed cautiously. There was potential for growth in the African sub-continent, but the damage to operating margins through excessive start-up costs, increased vehicle maintenance due to underdeveloped infrastructure, political instability and theft outweighed the potential gains in turnover.

The transport index at 18 613 has almost doubled since last year. The index has been dominated by strong performing Troncor, which has interests in tyres, containers and trailers and no longer represents a core transport group.
Safair gets new $20m jet

SAFAIR Freighters yesterday officially took delivery of a $22m British Aerospace Bae 146 jet aircraft which it will use on a twice nightly express cargo service between Johannesburg and Cape Town.

Airline MD Bram Loots said the aircraft's introduction would help Safair compete more effectively in the local express cargo market.

Safair recently obtained a licence to operate a scheduled express cargo service on the route.

Loots said it would also be used to launch a regional express cargo service throughout southern Africa once SA's international civil aviation policy had been liberalised. This would allow Safair to compete with overnight freight carriers such as DHL and TNT.

Bae Commercial Aircraft marketing vice president Nash Mallam-Hasham said Bae hoped to establish a fleet of at least 15 Bae 146 aircraft in the region. Air Botswana and Air Zimbabwe both operate Bae 146s. Safair will be able to provide maintenance facilities for the aircraft type in southern Africa.
New govt policy to expand toll road use

From DARIUS SANAI

JOHANNESBURG. — The toll road network will be dramatically expanded in terms of a new roads policy being formulated by the government.

The government believed private toll roads were the only way to meet the need for new roads and would not build any roads in the foreseeable future, senior government sources said this week.

One said a team of lawyers was examining ways to expand toll road construction without introducing new legislation.

Plans for new toll roads were frozen in June last year when the House of Representatives and the House of Delegates blocked passage of the National Road Amendment Bill which aimed to formalise the establishment of a private toll road network.

The lawyers are looking at ways of circumventing parliamentary objections to the government's appointment of private toll road operators on an agency basis.

The R2.7bn allocated by the government this year for roads in SA, the TBVC states and self-governing territories was enough only to maintain the current system.

It was likely to decrease in real terms, making an alternative plan for new roads a matter of necessity, the source said.

Toll road operators Tolcon and Tollway have put plans for constructing roads on hold since last year, but a Tollway spokesman said last week he was hopeful the government would announce a new plan soon.

The sources said toll roads would be built only where they were economically viable.

The French model of a system of national highways operated exclusively as toll roads by private companies was favoured by the government.

However, France had much higher traffic densities and tolling SA's whole road system would not be profitable.

The sources said the government wanted to be careful not to appear to be encouraging too much spending on roads while other services were in need of funds.

Although the government would not fund new roads, it did not mean toll roads would spring up everywhere, a source said.

There were several ways for toll roads to be built. The totally privatised option — allowing the private sector to plan, build and operate roads — was not feasible under current legislation.

But private companies would be able to take part in road schemes under a so-called incentive scheme, controlled by the government.

The Transport Department would supply initial finance for the proposed roads while private companies built and operated them under the government tender. Private firms would be under pressure to increase profits through greater efficiency.
COMPETITION between airlines for US-bound passengers is gathering pace with the announcement yesterday of further discounts on fares for flights from SA to Europe and on to the US.

American Airlines — one of the US's biggest carriers — has introduced discoms of up to 25% on its North Atlantic fares in conjunction with SAA.

Passengers flying SAA from SA to any point in Europe and then connecting with American Airlines flights to the US qualified for the new discount, American Airlines SA GM Mike Tyler said yesterday.

Last week Northwest Airlines announced it would introduce a 20% discount from the end of this month, but was still waiting for US Department of Transport approval.

British Airways has announced an extension to its offer of surcharge-free Concorde tickets for SA First and Business Class travellers flying between London and the US.

A low season economy class return fare to New York with American Airlines now costs R5 350, while a similar ticket to Los Angeles costs R4 796.

Tyler said the number of passengers between SA and the US had increased in July more than 3 000 people travelled between the two countries, the highest in 10 years.

He said most revenue came from business travellers, buyers of round-the-world tickets and people visiting friends and relatives.

The airline would now focus on the tourist market.

A new US-based airline which claims to have secured a licence to begin direct flights to SA next May, has not approached the Department of Transport's Directorate of Civil Aviation (DCA) for SA landing and operating rights, a DCA spokesman said yesterday.

Yesterday The Star reported that the new airline, USAfrica, had applied to the US Department of Transport for certification.

SAA spokesman Leon Els said that until a bilateral agreement was signed, or until the US Department of Transport issued a temporary licence, SAA was not in a position to negotiate for permission to fly the route.
**Fares hike postponed**

BUS fare increases have been postponed following a meeting between the Congress of SA Trade Unions (Cosatu) and City Tramways officials last week.

The 15 percent fare increase, approved early in June, was due to come into effect on September 1.

Cosatu's acting regional secretary Mr Allan Roberts said his organisation was opposed to an increase in fares as "our members and the community at large are enduring severe economic stress".
SAA can learn from Japan

LINDEN BIRNS

The Japanese government has a list of 30 international airlines waiting to enter Narita. SAA is believed to be one of these. JAL will face competition on two fronts — from overseas carriers serving destinations it may be unable to match, and from ANA which will bid for new overseas route allocations.

So far, ANA, with its 13-destination route network, has been a minor irritant for JAL. But ANA's route network is expected to double by 1993. In preparation for this competition, JAL is expanding.

It has a fleet of 78 aircraft, and 40 wide-body planes on order. It is also exploring alliances with major overseas carriers to expand the number of destinations it can offer through marketing tie-ups, and has upgraded its in-flight service. Its route network is growing, with new destinations in Europe, North America and Southeast Asia.

Johannesburg is on JAL's agenda and it has held talks with SAA authorities.

SAA has also begun a fleet expansion programme, taking on two new Boeing 747-400s and five Airbus A320s, with two of each type due for delivery in 1991. Its route network has also been expanded in recent months. SAA's next challenge will be to face the competition as a private company not able to turn to Transnet for funds when it is in a tight spot.

Increasing domestic competition led the Japanese government to begin privatizing JAL, the world's most valuable airline, worth $1.9 billion. ANA is ranked second.

Until privatization, JAL was Japan's sole carrier for scheduled international and some domestic trunk services. After a lengthy dispute with the US, ANA and Nippon Cargo Airlines (NOA) were allowed to operate trans-Pacific flights to the US. In return, Japan opened its skies to three US airlines.

JAL quickly asked government to complete the privatization, freeing it from the need for government approval of investments and purchases, and from any limits on capital increases and long-term borrowings.

It also removed government's control over JAL's business plans and allowed the airline to make faster responses to changes in the market.

The major difference between Japan and SAA lies in the size of the markets served. This alone leaves serious questions unanswered. Can SAA afford to go commercial, let alone private, if one takes into account the small volume of passengers and cargo it carries?

Industry sources say SAA in effect has heavy losses of about R100 million a year.

Secondly, the market is too large enough to maintain a viable, a competitive industry. If the market falls, it risks propping up ailing competitors.

A survey examining the deregulation of domestic air transport services is published on Pages 17-20.
Price-buster airline for SA?

LONDON — Price-busters Virgin Atlantic Airways yesterday submitted a formal proposal to Britain’s Department of Transport (DoT) giving details of its plan to operate a service to South Africa next year.

Last month, Britain’s Civil Aviation Authority granted the airline permission to run a London-to-Johannesburg service. When operational, it will provide the first new competition to the SAA-BA monopoly on this route in 45 years.

However, a new bilateral agreement first has to be signed to facilitate the inclusion of a third carrier. In terms of the current agreement, BA and SAA each run 10 return flights on the route a week.

Virgin Atlantic’s director of strategy and route planning, Mr El Hullah, said their proposal was submitted to the DoT yesterday morning.

The DoT will now study the plan before entering into negotiations with the South African authorities.

While ultimately the aim was to operate one return flight a day between the two destinations, he said, they would initially be looking at “four or five a week”.

On the new route, the airline hoped to equal its north Atlantic performance by cutting existing fares by up to 20%.

Mr Hullah said he was optimistic that the agreement would be finalised by Easter next year.
Rail hikes may kill Cape firms

TOM HOOD
Business Editor

FACTORIES could be put out of business by huge hikes in some rail freight tariffs sprung on companies this week.

Increases of as much as 50 and 300 percent were reported by industrialists.

The new rates operate from Monday. Some companies said they learned about them only on Friday when Spoornet marketing staff visited their offices.

Hundreds of Cape factories send goods by rail to the Reef, their main market. Products include clothing, plastics and engineering equipment.

A 300 percent increase facing a quilt manufacturer was reported to be double the cost of making the quilts.

Another company which sends 60 small containers a month to Johannesburg discovered on Friday that rates would rise by 50 percent.

"We had to increase everything by a road in future, even if we save very little," said a director.

"We tried for nine months to find out if there was any truth in rumour of a rise in rail tariffs, but these were indignantly denied by Spoornet. It is a terrible shock to people who ship large volumes to the PWV."

The new rates apply to PX services, containers and small containers. Large containers are not affected.

The increases are caused by Spoornet switching the basis of charging from weight to volume — described as volumetric tariffs — and claimed to be in line with the system used by profit-orientated companies.

One firm spending R50 000 a month said the transport bill would treble and exceed its total net profit for the past 12 months.

Mr Colin Boyes, deputy director of the Cape Chamber of Industries, said it could now be cheaper for some companies to export to Europe than rail goods to Johannesburg.

"Spoornet has done a good job in easing us from the main market of the PWV. This is one of the factors that has made the Cape more export orientated."

Lightweight products would be extremely hard hit, but they might not have to meet all the increased charges. The door had been left open because the railway was prepared to negotiate special deals.

"It is up to every customer to fight these increased charges and negotiate their own deal."

Mr Boyes said companies had to plan months or years in advance and it was bad business to spring these increased tariffs. "You need to know where to site a factory and transport costs are key matters."

"We pleaded with the railways time after time to give us notice of the rates well in advance. Their staff in Cape Town were in the dark — they were not aware of the charges."

A Spoornet spokesman said tariffs used to work on a commodity basis and charges were based on weight. Certain commodities subsidised other ones.

The new volumetric system simplified tariffs.

"Some people will pay more and some people will pay less."

A survey showed price hikes would affect between 55 and 65 of Spoornet's customers. Forty percent of clients would pay about 12 percent more.

Spoornet was no longer a state organisation and it was moving into line with what other transport companies were charging.

The spokesman conceded that some increases could be more than 100 percent but added "If people are not happy they can try to negotiate a new price, which many manufacturers have done."

"It is not essential that prices should be the same for everyone. They could be determined by when they transport goods, how much they transport, where the goods go and the frequency."

A number of customers had contracts so they would not be affected until new contracts were negotiated.
SA seeks unified railway system

SPORNET has a plan to integrate the railway systems of Southern Africa in a centralised authority.

It will propose at a meeting in Namibia this month that resources be pooled in a single railway system that would book rolling stock, rent time slots on tracks, control loading and movement and collect tariffs.

Each country would be paid for the use of rolling stock and track in proportion to its contribution to the network.

Locomotives

The project embraces SA, Zimbabwe, Botswana, Zambia, Namibia, Zambia, Swaziland, Mozambique, Malawi and Angola.

SpoorNet says the sovereignty of each country's railway authority would not be affected.

At present a train moving between, say, SA and Zambia must have clearance from SA, Botswana, Zambia and Zaire. Each country has its own Customs department and charges different tariffs.

The proposed system would have a single tariff charged by the central authority, which would provide the rolling stock.

SA has 7 000 wagons and 42 locomotives on hire in black Africa.

SA has 23 500km of track and 155 657 wagons compared with 19 600km of track and 45 794 wagons in the rest of the region. SpoorNet has more than 4 000 locomotives and would provide most of the rolling stock to the central authority.

Spoornet international traffic manager Andre Heydennyh says the long-term objective is to promote greater independence from SA's transport system among northern neighbours.

"We are not looking at promoting SA's interests to the exclusion of our neighbours" That would be short-sighted. We have to look at Southern Africa as an integral region and where possible share resources.

"We are helping to rehabilitate Maputo port and the rail link with SA. We also want the Angolan port of Lobito and the Benguela railway link to Zaire to be restored. A technical team has gone to Angola to report on the state of the line."

Ironically, SpoorNet's long-term strategy to reduce the dependence of frontline states on SA's transport network is not close to that of the Southern African Development Co-operation Conference (SADCC).

One of the subjects raised at this week's SADCC meeting in Arusha was whether to admit SA.

The SpoorNet plan comes after a decade of sluggish progress by SADC countries in developing transport infrastructure.

At its peak, Maputo handled 6-million tons of freight a year. Now it moves barely 1-million tons.

An SA technical team seconded to the port was recently asked to withdraw by Mozambican authorities and conditions at the port have deteriorated. Its rehabilitation is important for Eastern Transvaal coal producers who are using Richards Bay because Maputo would be cheaper.

Walter Louw, chief director of specialist services at the Department of Foreign Affairs, which funded the Maputo technical team, says Mozambique is under pressure to privatise the port.

Careful

Swazi sugar exports are going through Durban because of Maputo port's inefficiency. Zimbabwe is also directing traffic to Durban.

Spoornet's plan has received support from operational managers and awaits approval at general management level this month.

The plan will take several years to implement, says Mr Heydennyh.

"We have been careful to ensure that under the centralised railway authority, even a country like Swaziland will have an equal say to that of SA."
Many SA civil aviation mishaps ‘not reported’

Johannesburg. — There were far more civil aviation incidents than shown in official accident and incident figures, a top aviation insurance broker said at the weekend.

MIB Insurance Brokers divisional managing director Mr Henry Tours said many accidents in which people were not injured were not reported to the Directorate of Civil Aviation, which was unable to take sufficient action against aircraft owners and operators who were found to be negligent.

The directorate was understaffed, did not have the ‘teeth’ to take effective punitive action and was being financially strangled by the government, although it was doing the best it could under the circumstances, he said.
Spoornet to probe daredevil train game

Staff Reporter

SPOORNET has launched an investigation into a daredevil train game played by Peninsula schoolboys following the serious injury of a Tygerberg pupil who was struck by power pylons as he swung from the centre pole of a carriage door.

Carel van der Merwe, 15, a Std 6 pupil at the Bellville Technical High School, last night underwent an operation at the Jan Smuts clinic, to mend the shattered bones in his left foot. He was found lying next to the railway tracks between Stikland and Brackenfell on Friday after having fallen from the fast-moving train. He also suffered facial injuries.

His mother said he would have to have several operations to his foot but it appeared that he would not lose it. She would not elaborate on the incident. Carel’s condition was last night described by a hospital spokesman as “satisfactory”.

Spoornet spokesman Mr Brian Letten said last night the game was apparently played by two or more boys holding the moving train’s carriage doors open while another held on to the centre pole and swung his body away from the carriage.

Spoornet only became aware of the game after Carel was injured, he said.

“This game is played very clandestinely. We are not aware of how rife it is,” he said.

Another Spoornet official, Ms Yvette Olwage, said the boys “know that it’s dangerous and won’t do it when other people are in the coach”.

She said that commuters faced a R40 fine if caught trying to disembark or hang from a moving train.

She pointed out there were instances of commuters being killed after being struck by the electricity cables above the train lines.

These were frequent occurrences but were not as rife as the infamous and dangerous surfistas train game in Brazil which claimed the lives of hundreds of commuters, she said.

The game was played by impoverished Brazilian youths in their desperation to avoid paying fares and to prove their bravery.
Business Staff

THE huge hikes in rail tariffs introduced this week were ad hoc and made it difficult for businesses to plan ahead, says David Bridgman, executive director of the Association for the Western Cape's Economic Growth (Wesgro).

With tariffs rising by up to 300 percent on some goods, for many products transport to South East Asia or Europe would now be cheaper than transport to Johannesburg, said Dr Bridgman.

"And the cost of supplying the South African markets is made far higher by such surprise changes in the fundamental structure of transport pricing."

Dr Bridgman warned that some factories, particularly those that had adapted production to low-weight items, could be put out of business by the hikes.

In the past, South African Transport Services had discriminated against the Cape, said Dr Bridgman, with the result that much of Cape business was skewed in favour of light industry.

"With little or no notice their goods must not only be light, but small in volume too" he said. "Such a major change in policy, which affects the whole economic structure of the country should have been given greater public airing before being introduced.

"As a result of the high costs of transporting goods in South Africa in the past, the Cape is relatively strong as an exporting region.

"While it will certainly hurt many businesses, therefore, one must hope it will serve as a spur to others to redouble their efforts to penetrate export markets."

"But the effect on the Cape will not be as significant" he said. "The damage has already been done. It is very sad."

Wesgro chief slams rail hikes move
Quilt-makers to fight rail hike

WILLIAM BARKER  24A
Business Staff

MAJOR quilt manufacturers in the Western Cape have united to fight the proposed new volumetrically-determined PX rail freight tariffs which they claim could put them out of business.

Up to 90 percent of their production is railed elsewhere in South Africa at present — and they face increases in railage costs of up to 270 percent.

"The Western Cape is the hub of the South African quilting industry. Over 1,500 jobs depend directly on quilting in the area, and as many as 8,000, including suppliers would be seriously affected if quilters were forced to pack up here.

Since the first disclosure of the increases, Spoornt has offered the manufacturers a period of grace. Tariffs rose by 20 percent on September 2, and this increase will hold until the end of March. After that, manufacturers infer that the full increase will be applied.

"It is impossible to absorb an increase of that size," said Mr Erwin Haller, managing director of Deurse Quilted Products in Atlantis, the industrial West Coast dune town. Deurse is part of the Seardel Group.

Most major quilters in the Western Cape sell about 65 percent of their production on the Reef, 15 percent in Durban and 10 percent in the Eastern Cape.

Mr Haller said as an example, if the volumetric tariffs were applied as first envisaged, the railage costs of one cubic metre of man-made fibre-filled products sent from Atlantis to Johannesburg would rocket from R170 to R430.

"We are still going to do more to fight the increase on June 1992 — they are quite untenable," said Mr Haller. "The railage cost of a pillow is the same as the cost of the pillow. We have been told that the rates will still be negotiable."

Whatever the outcome, Atlantis industries face another crisis next year: Industrialists there have been told that in June 1993 their 40 percent rail subsidy, designed to draw industry to the labour-starved area, and expected by most to last indefinitely, will disappear.

The subsidies are designed to encourage employment, and allow the factories to claim R3,000 for each worker per year, to a maximum of R80,000.

Small freight consignments of wines from Western Cape estates will be little affected at first by the increases.

In moves to soften the blow, Spoornt has frozen Fastfreight costs until October 31, after which there will be an increase of 20 percent.
When 49% of a company with assets exceeding US$530m can be bought for just $25m, the immediate impression is that its earnings capacity is suspect or, perhaps, that it is heavily geared. Why then has Safmarine bought into CMB Transport (CMBT), the largest shipping container line in Belgium, at this price?

Safmarine MD Tony Farr explains that the purchase decision was motivated primarily for strategic rather than financial reasons at this stage. Compagnie Maritime Belge (CMB) was recently bought out by the Saverys family in Belgium, whose major business is in bulk shipping CMBT — a CMB subsidiary — controls 24 liners and moves about 400 000 containers a year CMBT suffered a substantial reduction in earnings last year because of problems with its liner shipping activities.

Farr says that these arose out of some poor strategic decisions taken over the past three years. He says the company expanded by acquisition and in the process became over geared. He adds that it adopted aggressive positions in certain markets and made incorrect investment decisions to introduce additional capacity.

This led the Saverys family to look for a partner to bring the liner shipping operation back to profitability. Safmarine was approached, partly because of its internationally respected professionalism, but also because it posed no threat to the continued existence of CMBT's Belgian identity. In addition, Safmarine and CMBT have two basic factors in common: both are important participants in world trade terms in niche markets and both are north-south operators.

Farr sees the purchase as both an offensive and a defensive strategy. CMBT is an important operator on the East and West African coasts and has a significant forwarding, shipping and distribution agency network, AMI, in Africa.

Moreover, says Farr, it will enhance the status of SAFMARINE in Europe, helping SAFMARINE to develop a foothold there after 1992. It should also help to facilitate the negotiations now being held with Southern Africa Europe Container Services.

Another reason why SAFMARINE was enthusiastic about the purchase is the rationalization now taking place among world shipping lines. The recent P & OCL takeover of Cunard Ellerman is an example of this trend which, reckons Farr, will have a positive effect on liner shipping over time as unrealistic competition is eliminated.

SAFMARINE is to have equal input with CMBT on all management matters. This will begin with the appointment of SAFMARINE's director responsible for its liner division, Graham Pearce, as the new CE of CMBT. He is to move to Belgium in October.

The $25m payment for 49% of CMBT was made through the financial rand, making the value of the transaction about R80m. There will be no short-term contribution to the earnings of SAFMARINE as a result of the deal.

Gerald Hitchon
PX redisCOVERs its market

It took the old SA Transport Services (Sats) just four years to run PX Fast Freight into the ground. When Sats launched the express parcel and freight service, small manufacturers, wholesalers and retailers signed up and the business took off like a rocket.

But by 1989, it was a spent force, performing so poorly that Sats seriously considered shutting it down. The operation, which used 1.5 m containers — a quarter of the size of the normal 6 m container — when customisers filled and railways transported, did not get the constant monitoring and fine-tuning it needed, so service became shoddy and Sats either ignored or didn’t notice the market’s shift towards the more efficient door-to-door service offered by road transport.

However, rather than close PX Fast Freight, in July 1989 Sats asked one of its top rail people, Wicus Pretorius, to save it. He certainly had the right credentials. Always a maverick, he had rescued the Apple Express narrow-gauge line in the eastern Cape, where he was nearly fired because he’s Coetzee, one of the founders of PX Fast Freight, had decreed that the line must die. He’d kept steam engines working on the De Aar-Beaufort West sector of the Johannesburg-Cape Town line, and he had led the team that designed the Class 11E locomotives which haul the long trains on the Richards Bay coal line.

Pretorius started by cancelling all advertising because it contained more fiction than fact. He changed the name to PX (for parcel express) and decided it should not be just a railways adjunct but a multi-modal transport operation that could handle the entire distribution of a customer’s goods from shelf to shelf, using trucks and planes if necessary.

The turnaround has been swift. Launched officially last month, PX expects to handle 91m parcels this year and turn over R800m, and will probably produce its first profit in several years. And those numbers should soar in the years ahead because the company has no direct competition, says Alan Cowell, executive director of the SA Association of Freight Forwarders. "My members use it."

In fact, PX is leaving the one business in which it did have competitors — the express delivery of small parcels. "We have chosen to concentrate on the corporate market, so we’ll be only too happy if the courier companies take back the individual parcels that found their way into our system during the Fast Freight days," Pretorius says. "That is their market and they are much better geared to serve it than we are."

What PX, now a division of Spoornet, is geared to do is handle big consignments. "We offer the big guys, such as Trawthorns, Foschini, Toyota, Nissan and Samcor, a total logistical service that starts at the source of their products, includes monitoring their consignments all the time they’re under our control and ends when they take control of them. And, if it’s what the client wants, we’ll even go into a factory and pack the containers, distribute the merchandise to the outlets and hang up garments or pack goods on shelves," Pretorius boasts that his workers have converted empty shops into trading operations in 24 hours.

In the two years since Pretorius took over, PX has established a track record for reducing in-transit pilferage; one company’s losses were cut from R8m to R3m in a year, and throughputs — the time from accepting a consignment to delivering it — has been reduced from an average of 14 days to less than five days anywhere in SA. And it has introduced several new services that have boosted its revenues: the OPX service guarantees overnight delivery between certain towns, SPX uses air transport to guarantee same-day service, and IPX (inter-city) collects packages and delivers them on the same day, within a metropolitan area.

The regular PX service operates on 160 dedicated PX trains a day and Pretorius has reinstated the old passenger train parcel service and named it PCL.

"Fast Freight got business because the tariffs were low and they were low because our service was low," he says. Now with service improved, PX introduced a new tariff structure this week. It is based on weight and volume and does away with the old tariffs based on the type of commodity, which led to heavy consignments subsidising light consignments.

Meanwhile, PX plans next year to introduce micro-containers, which will be a quarter of the size of the present mini-containers. They will be lighter and designed to last two to three years.

Says Pretorius "Everything we’ll convey will be smaller and more sophisticated. The present mini-containers, built to last 10 years, will start being phased out in 1995. We already have started developing high-strength disposable containers made of resins that will have the quality, strength and flexibility of steel. And we’re looking at rail wagons with plastic superstructures."

For their part, PX’s customers are getting a service that has been widely available overseas but not in SA. Peter van Wyk, Foschini’s group distribution services manager, says "the service helped us streamline and consolidate our merchandising. PX now handles all the merchandise shipped out of the Cape Town warehouse and 30% of the shipments out of the Isando warehouse. Transport time has been reduced and "pilferage while on truck has been reduced to 80% on what it was in 1989-90," he says.

Piet van Wyk, De Vries, Toyota’s GM, parts operations and systems, says the company uses Renfreight, Sun Couriers and PX to distribute parts to its 320 dealers. All three have representatives and in-house depots in Toyota’s central distribution depot in Wynberg, Johannesburg, and dealers can pick which one they want to use. About 60% of our business is stock replenishment for dealers, nearly all of which goes through PX," he says.

So, with Transnet well into the second year of its effort to commercialise, PX is providing a model for the lumbering transport giant to follow.
Rail, post tariffs should now cost businesses less

The Argus Correspondent

DURBAN — Rail, harbour and fuel pipeline rates and post and telecommunications tariffs will cost businesses less under VAT — and not more as had been announced in the past two days.

Business consultant Mr Kevin Fagan said the two organisations had done a disservice to the economy by failing to fully explain the effect of VAT on their charges — that of a cost reduction to business.

Transnet has announced that rail freight rates would rise 8.5 percent from September 30, harbour charges 8.8 percent and Petronet's fuel pipeline service by 9.7 percent.

Postmaster-General Johan de Villiers said post and telecommunications tariffs would rise by 8.7 percent on average from the end of the month.

Mr Fagan calculated that the cost to business organisations — which comprised the bulk of Transnet's customers — should, in fact, come down between 0.9 percent and 1.7 percent under VAT.

"What has happened is that these organisations — and indeed a great many businesses — are looking at VAT as a cost issue, which it is not.

"When looking at business pricing and profitability, one must forget that VAT exists — it simply confuses the issue.

"Organisations registered as vendors under VAT will recover all the VAT they pay from the tax system. They do not need to raise prices to recover it from their customers. Businesses which raised their prices in the belief that VAT would cost them more, said Mr Fagan, might find their returns given an initial boost when they combined wider profit margins with VAT refunds from the Receiver.

"But they would soon lose market share to those companies which understood the new tax and passed on the benefits to customers.

"This is a price sensitive economy in the business-to-business environment. If one business puts its prices up while a competitor puts his down, it's not hard to see who is going to corner the market.

"This is the concept that (Minister of Finance) Barend du Plessis has been trying to explain but no one believes him."

Can SA and its neighbours justify direct air links with the US? At the moment, the major US airlines seem to think not. None is leasing at the opportunity afforded by the end of the 1986 SAA landing rights ban, nor even Delta, which has inherited Pan Am's southern African routes following that company's break-up.

In part, the lack of interest can be attributed to the industry being in the midst of a sweeping shake-out. But the decisive factor is that SA's own prospects, and those of its region, are not sufficiently alluring to set off an scramble among the heavyweights. Besides, even the national airline has been behaving as if it has doubts.

SAA's efforts to resume flights to the US have been strangely hesitant. After fueling speculation that its New York-Johannesburg service would be reinstated, it was announced that a new route ban had been terminated, SAA's management appears to have been caught flat-footed by President George Bush's July announcement rescinding the Comprehensive Anti-Apartheid Act's (CAAA) sanctions.

Ambassador Harry Schwarz and his staff have done their best to help an embassy task force prepared a detailed study of what would need to do to once the ban was lifted, and had answers to all the key questions. The ambassador states that whether a new bilateral air service agreement, subject to Senate vote, would need to be negotiated to replace the one annulled by the CAAA. The answer was yes, SAA could very quickly obtain temporary permission to operate in the US Foreign air agreement, the airline to have this worked out by a Chicago law firm.

True, the US transport department took action in a national sanctions, which will become effective next year. SAA's chair and founder is Arthur Lewis, an engagingly blunt 72-year-old Texan who has been in the business since 1941 when he founded American Airlines. He founded his first airline, Mid Pacific, in 1981 after stints as president of Hawaiian Airlines, and later Eastern, until recently one of the country's largest domestic carriers. Crocker, who serves on the board, as listed as a co-founder, is as Michael Meszaros, USAA's president and a former sales manager for SAA.

Leaves his post as a pioneer, and it shows in the certification request that the company has filed with the transportation department. "USAA," it states, "has been founded for the primary purpose of exploiting and developing the last significant market of US international air service market in the world — the region of southern Africa."

Unlike others, the company has faith that negotiated settlements in SA and Angola, plus the remainder to be available as a $10m line of credit. Correspondence submitted with the transport department filing indicates how Crocker has approached former FNB chief Chris Ball.

Equator has said it finds USAA's proposal "well-conceived". As initial requirements are "reasonable and attainable," but is awaiting transport department certification before committing itself.

According to plans submitted to the department, USAA believes it can profitably coexist with SAA in offering thrice-weekly round trips between the US and South Africa, via Cape Verde starting on April 1 next year. At the outset, it will use a single Boeing 747-100 "reconfigured — that is to say, with pilots and crew, from TWA or Polaris Leasing Corp. A second 747 will be "dry-leasing" in July and a third will be reconfigured for USAA specifications to go into service in September.

On December 1, US-Windsnap-Harare flights will begin on a weekly basis. Thereafter, service will be expanded to Luanda, Gabon and Cape Town. In the interim, schedules will be timed to coincide with connecting flights to those cities.

Fares to Harare, Johannesburg and Cape Town will be the same, the cheapest initially being $1,899 return. On average, ticket prices to all destinations are set to be 25% below present rates via Europe.

However, USAA is insistent that it does not want to be thought of as a "cut-rate" airline, but rather as a full-service one providing better passenger facilities than either SAA or British Airways. Indeed, Lewis says he would like the company to compare favorably with the other airlines in the current industry benchmark. Nonetheless, he does not propose to be undercut by SAA and will adjust prices accordingly.

For its first year in service, USAA projects operating revenues of $102.7m against expenses — including the projected budget that will be used to promote the destination as much as the airline — of $127.3m, with a net operating profit of $2.4m and assumes that flights are just over half full. After-tax income for the year is put at $2.1m.

The projections may turn out to be fanciful, but it is at least nice to find confidence in the faith in the region and the enthusiasm to put it to the test.
Highway phone system ready in three weeks

JOHAN SCHROENEN
Staff Reporter

AN upgraded emergency communication network on three of the busiest routes in the Cape is nearing completion and is expected to be in operation at the end of this month.

The network consists of a chain of emergency contact points or call-boxes along the N1, N2, and the R300.

It was announced last year that vandals and thieves had smashed most of the previous emergency telephone call-boxes on the N2 freeway and that many on the N1 had been damaged in accidents.

The network had been introduced six years before.

On the N1, the new system will stretch from the Koeberg interchange to the Huguenot Tunnel with a further call-box on the crown of Du Toits Kloof Pass.

Call-boxes will also be located on the N2 from Black River Parkway to the summit of Sir Lowry’s Pass and on the R300 from the Stellenberg interchange at Brackenfell to the Swartklip interchange near Khayelitsha.

A Department of Transport spokesman, Mrs Maureen Neil, said the system had been commissioned by the department and would be operated by the Automobile Association as a public service.

"Once again motorists will be driving with peace of mind as they will always be within walking distance of instant contact with emergency services in the event of accidents or breakdowns," Mrs Neil said.

Telephones, in direct contact with a radio room at the AA’s offices in Cape Town, will have two clearly marked buttons, one putting a motorist in contact with an information and mechanical breakdown service and the other with the rescue service.

Special emergency phones had been encased in reinforced concrete erected in places where vandalism had proved to be a problem.

In other areas reinforced polyester was used to construct the units instead of aluminium which was used previously.

Mrs Neil said great care had been taken to site the units in the safest locations to ensure more protection to vehicles, passengers and the phones in the event of a collision."
CAPE TOWN — Safren's results for the year to end-June showed a strong growth in operating profit boosted by a lower tax rate but these factors were offset by the pedestrian performance at turnover level and the sharp increase in depreciation costs.

Slightly better than expected, attributable profit rose 16.7% to R302.4m (R259.1m), translating into earnings a share of 565.5c (466.7c). A final dividend of 177.5c brought the total to 277.5c (210c) a share for the group which consists of subsidiaries Safmarine (100% owned), Kersaf (75%), Rennes (75%).

Depreciation of Safmarine's ships to bring them into line with their earning

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**Mixed fortunes at Safren**

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**Safren**

capabilities saw depreciation rise to R2,684m (R1,097m) CE Buddy Hawton said that without this cost, attributable profit growth would have been about 28.4%.

"In the circumstances and bearing in mind the difficulties, the attributable earnings increase together with the dividend increase should be looked at as satisfactory," Hawton said.

Turnover rose 9.2% to R4,484m (R4,184m) which was low due to disposals and discontinued operations in Interloose, reduced cargo volumes by Safmarine's liner services, and reduced freight activities by Rennes due to lower imports.

Hawton said Safmarine's liner services suffered increased vessel and fuel costs but the weakening of the rand towards the end of the year was beneficial. Its bulk trades were adversely affected by the Gulf war. Rennes' bulk terminals and travel division performed well while Kersaf's results, up 18%, were satisfactory, in the light of lower room occupancies with Faber Entinoven, 60% held, suffered a R44.4m decline in profits due to the disposal of certain operations but improved earnings.

Profit from operations rose 18.5% but after depreciation and other expenses was reduced to an increase of 8.5% to R748.5m (R669.8m).

The tax rate was lower at 26% (33%) due to the lower rate of company tax and the impact of this on deferred tax, the sale of assets in a tax efficient manner and allowances for expansions at Sun City and Babelegi. Sun Bop has introduced a tax equalization policy to bring its current effective tax rate into line with the average rate anticipated in the medium term.

Safmarine's bottom line showed a 21.5% growth to R157.1m, (R121.2m), Rennes' a 12.1% rise to R39m (R24.8m) and Kersaf's a 17.8% increase to R125.3m (R106.4m).

Their contributions to attributable profit were Safmarine 45.3% (43.4%), Kersaf 41.4% (41.1%) and Rennes 12.9% (13.4%)

The balance sheet has strengthened in terms of shareholders' funds, improved gearing and cash resources of R654.8m.

Hawton said most of the cash resources are held locally but some are offshore in Royale Resorts Group capex was R211m last year and will this year total R1,5bn, to be devoted to expansions at Sun City and Babelegi and the purchase of new ships.

Hawton said conditions would remain extremely difficult this year.
Kersaf, Safmarine boost for Safren

A strong performance by Kersaf and Safmarine helped Safren lift earnings by 16.2 percent to R565.5 million in the 12 months to June.

Dividends are up 13.1 percent to R37,5 million.

Safmarine and Kersaf were the major contributors, accounting for 86.4 percent of the group's attributable earnings of R392.4 million.

The directors say Safmarine, whose major activity is the containerised liner trade, experienced reduced cargo volumes and increased vessel and fuel costs.

However, this was offset by a weakening rand against the dollar in the latter part of the year.

Safmarine's contribution to group attributable earnings increased 21.9 percent to R157.1 million, equal to 45 percent of Safren's earnings.

Kersaf and its subsidiaries performed well and its contribution to Safren earnings rose 17.3 percent to R125.3 million, or 31.4 percent of the total.

Rennies' bulk terminals also did well, but reduced volumes impacted on the results of the forwarding, transport and cargo divisions.

Despite the Gulf war setbacks in the second half of the year, the travel division did well.

Income from associates was boosted by the inclusion of the group's share of profits on sale of assets.

Safren's turnover rose 9.2 percent to R437.6 billion, but the biggest growth was in profit from operations, which rose 16.5 percent to R921.5 million (R790.7 million).

A major factor here would have been Kersaf, which operates on very high margins.

After dividend income of R73.2 million, finance lease charges of R2.2 million and a sharply increased depreciation charge of R243 (R150.7 million), operating profit increased 8.5 percent to R749.5 million.

The directors say, "Additional depreciation was provided on certain assets to write down the book values to the amounts that can be recovered by charges against operations and ultimate scrap value.

Interest payments rose 16 percent to R67.5 million, but this was offset largely by interest received of R96.4 million, leaving net interest received of R29 million.

The group also benefited on the tax front thanks to reduced corporate tax and its effects on deferred tax balances and capital expenditure allowances.

Tax payments fell R34.3 million to R196.3 million.

A tax equalisation policy has been adopted to bring the current effective tax rate into line with the expected medium average rate.

Boosted by the lower tax rate, taxed profits rose 19.6 percent to R556.1 million.

After accounting for outside shareholders in subsidiaries and preference dividends, attributable earnings were up 16.7 percent to R392.4 million.

Despite a heavy capital expenditure of R911 million (R379.1 million), Safren closed the year with cash balances of R54.8 million — down R55.9 million on the previous year.

Long-term borrowings were up R33.3 million to R221.8 million and interest cover was marginally down at 9.6 times (9.8).

The share price closed unchanged at R56 yesterday after the recent strong run.

On these results, Safren shares yield 2.8 percent on dividends and trade on a P/E ratio of 15.
Behind closed doors

Former Chief Justice Pierre Rabie has been asked to act as the arbitrator in an attempt to settle the brewing row between State-owned SA Rail Commuter Corp and the Reserve Bank, as the saga of the failed Cape Investment Bank (CIB) continues. All parties that have entered into arbitration need a secrecy clause — no talking to outsiders — on Monday afternoon.

This comes after Transport Minister Piet Welgemoed earlier ordered an investigation into Commuter Corp's R249m deposits with the provisionally liquidated CIB. CIB was placed in provisional liquidation in the Cape Supreme Court on April 11.

The inquiry relating to the corporation's deposits has since been completed by attorney Pierre Faure and stockbroker Janne Mouton and handed over to Welgemoed.

Merwe Inc, who represents Commuter Corp, reacted angrily on Tuesday when asked by the FM to comment on the arbitration hearing, which was held the previous day. He declared his anything and warned that "someone will get in touch with you."

The bank's attorney, Jacobus Luitig, also declined to comment. He would not even disclose the name of the SC acting on behalf of the Bank "This is a confidential matter between the parties," he said. When asked whether the secrecy clause signed between the Bank and the corporation was protected by the Reserve Bank Act, Luitig added "Every person in this country has the right to privacy and this is how we are using it."

Through a spokesman, Welgemoed told the FM that he would not like to speculate on Rabie's appointment as arbitrator. He reiterated an earlier statement that the findings of the investigation by Mouton and Faure would be handed to the Cabinet. "There are also additional investigations under way," said Welgemoed. The FM has meanwhile learnt that the corporation's attorneys have a copy of the report in their possession.

The appointment of Rabie as arbitrator in the CIB saga and the subsequent involvement by Commuter Corp and the Bank in the affair, underlines the tension which has resulted between Finance Minister Barend du Plessis and Welgemoed. Rabie's findings may also have important political influence on some careers.

First reports which followed the provisional liquidation of CIB said that Commuter Corp may have exceeded its legal limits in terms of its deposit with the bank (Economy & Finance April 19). The Finance Minister
MORE remarkable than Safren's 16% earnings rise in the year to June is the jump in the group's capital spending plan.

Judging by its huge new investments, Safren is the most capital-intensive company in the new SA

In relative terms, it is the biggest capex spender listed on the JSE.

Others are Sasol and Engen, which are to spend billions in the next few years. Most companies have drawn down their cash reserves and are agnostic about the new SA.

Lost

But Safren's planned capex at R13.1 billion in the next two years amounts to nearly 50% of total capex - over R2.2 billion.

Sasol's planned capex of R2.1 billion was 20% of assets - R8.3 billion, and Engen's R3.6 billion would be 45% of assets if the oil prices stay high.

In Kersaf, Sun International is spending R700 million on the Lost City at Sun City, R350 million on the Caroussel, which opens in November, and another R75 million on expanding the Wild Coast. The budget for the next big project is R3.2 billion.

By DAVID CARTE

tax rates in the homelands, the payback on hotel-casino developments is extraordinarily quick.

But inflation makes generating returns fast, ensuring stunning returns from property developments. The units are sold at a brisk pace.

With Interisland spending on lavish casino complexes, Kersaf is looking at laying out more than R1.2 billion in the next three years.

A cruise ship and two large ships under construction in Eastern Europe. With partner in the new Lost City, it is building a 150,000-ton bulk coal and ore carrier in Romania for delivery in March or April.

At Pula, near the war zone in Yugoslavia, the 38,004-ton container liner, Oranje, is nearing completion. The ship is worth R50-million, and the new SA. The yards were worth R60-million and R80-million respectively - a total of R13.1 billion.

Safref has long provided additional depreciation, for which it receives no tax credits. Shipyard is written down to reflect what they can earn. The depreciation burden increases each year in a three-year, but does ensure cash flow when loans and interest payments are at their highest. Ships start to become lucrative once the take slots and interest payments tail off.

Leased

The policy is necessitated by Safren's one of getting rid of ageing ships. The average age of its ships is 9.5 years.

Three weeks ago, Safren announced it had bought 49% of Belgian container company CMB Transport. Safren paid $25 million for its share in the company, which has 24 ships and assets of $30 million.

Safren has 15 ships, of which 10 are on the balance sheet. Only about five are registered in SA.

The 38% stake associate, Trek Airways has launched Flite Star with four Airbus aircraft worth $60 million apiece. The aircraft are leased, but represent assets worth $60 million.

Safren, the freight airline, recently bought a $30-million BAE 146 jet cargo aircraft.

I asked Safren chairman Alastair Macmillan and chief executive duty Buddy Hawton from Kruger to whom the group's bold capex plans emanated.

"In the companies that have opportunities where they can seize them, they are not

We are not just sitting around waiting for something to happen. We are looking for opportunities to seize them," he said.

The company has a $200-million fund for acquisitions.

The expansion, he says, is on long-term growth. He believes that long-term projects will pay off.

Although payback in Kruger is normally quick and Safren's two new ships will also give a lift.

"And it's the same in the IT sector. We have become too expensive for SA. But other

The group's prime secrets are to buy, lease and sell assets well.

ALASTAIR MACMILLAN Long-term growth is the aim.

Vindicating

Mr Macmillan says as chairman he demands of the big capital spenders that they prove to him that they are economic.

The upshot, he says, is on long-term growth. He believes that long-term projects will pay off.

Although payback in Kruger is normally quick and Safren's new ships will also give a lift.

"And it's the same in the IT sector. We have become too expensive for SA. But other

Mr Hawton says some of the greenfield investments will take time to pay off.

Although payback in Kruger is normally quick and Safren's new ships will also give a lift.

"And it's the same in the IT sector. We have became too expensive for SA. But other

Alain Jeanjean, who heads one of the group's prime secrets, says the two, is to buy, lease and sell assets well.

Outstripped

Mr Macmillan and Mr Hawton say management throughout the group is decentralised. Nothing would be gained by scrapping head office and distributing shares in Kruger, Safren and Reunies.

Safren lifted turnover by 9% to R4.4 billion, pre-tax profit by 10% to R749.6 million and, thanks to lower tax, attributable profit 10% to R790.4 million in the year to June.

Earnings as a share were 16% better at R65.5c (467c) without additional depreciation, earnings growth would have been a scintillating 26%.

Mr Macmillan says the struggling is the biggest earnings source, contributing R1.3 billion compared with Kruger's R2.3-billion Safren's 2% earnings growth in spite of additional depreciation outstripped Kruger.

Safren's market capitalisation is R4.8 billion and the value of the 79% Kersaf stake is R2.3 billion. The rest of the group is valued at R2.2 billion, or 15 times the earnings it contributed.

Mr Hawton says the group is more fairly valued and it is competitive in terms of large projects.

One of the group's prime secrets is that it is there to buy, lease and sell assets well.

BUDDY HAWTON, Greenfields ventures need time.

Superbowl will be affordable.

Mr Hawton says that Sunbop delayed building by two or three years to see how the new SA developed, its costs would have risen by 25%.

Because Trek and therefore Flite Star are only associated, the risk inherent in the company competing with SA Airways is small for Safren.

Mr Hawton says Safren has R655 million of cash in its balance sheet, so expansion should not lift debt excessively.

He believes that Trek and Flite Star will ultimately earn a reasonable return on investment.

Aircraft normally appreciate, so long-term tax-efficient growth seems assured.

One of the group's prime secrets, says the two, is to buy, lease and sell assets well.
VIVE la France, vive la SAA!
The French Commerce and Industry
Minister arrives in SA later this week leaving
a storm of controversy in his wake over
his decision to fly SAA rather than on
French airline UTA.

Talk in Johannesburg's French commu-
nity is that Dominique Strauss-Kahn's
decision has not gone down well in Paris.

He is expected to arrive on Thursday
with a delegation of about 60 business-
men and leave next Monday. Although the SAA
flights could not be confirmed, they are the
only ones that fit his schedule.

It is considered customary for high-
ranking government officials to use their
national airlines.

A French community source said
Strauss-Kahn's decision so angered some
members of the delegation that they were
threatening to pull out of the visit at the
last moment. Three Air France executives
were still deciding at the weekend whether
they would take part in the visit - the first
by a French cabinet minister since 1975.

Strauss-Kahn will meet President F W
de Klerk and other Cabinet Ministers
during his five-day stay, and a French
Chamber of Commerce spokesman

The purpose of the visit was to strength-
en business ties between SA and France,
which has taken a consistently hard line
against SA government policies.

Neither SAA nor UTA would comment
at the weekend on Strauss-Kahn's choice of
an airline.

A French embassy source said, "We are
not aware of the controversy," but conceded
that UTA did not have flights on the
days Strauss-Kahn had decided to travel.
Airlines fly high in service-quality poll

AIRLINES have been rated tops in terms of quality of service, the latest Gallup poll by Marklin research group shows. However, 1,000 respondents in the main metropolitan areas were not as happy with car repair garages, municipalities and estate agents, which were rated as providing the worst quality of service.

The survey showed that 86% of respondents rated airline service high or very high in terms of quality of service, followed by banks (53%) and hotels (49%).

Of the 500 men and 500 women who responded to the questionnaire, 48% said they regarded hospital services highly. This was followed by restaurants (46%), and supermarkets (43%).

Only 40% of people regarded insurance companies' service quality as high, with 18% regarding it as low. Car dealerships got only a 38% vote of confidence, followed by estate agents with a 27% rating.

Only 23% of people regarded service by municipalities as good, with 25% regarding it as poor.

Car repair garages were rated worst in terms of service. Only 19% of respondents said service was good, and 42% said it was poor.

Respondents said airline service was also the most improved category over the last three years, followed closely by banks and supermarkets.

Service by car repairers had worsened and hospital services, which had deteriorated, reflected recent cutbacks in medical services.

Marklin director Peter Scott-Wilson said the improvement in banks' services was a reflection of the closely matched services and highly competitive marketing among the major groups.

He said the survey should provide food for thought for corporate executives, as SA companies have been criticised for delivering poor-quality service to an uncomplaining public.

"Wining companies will be those which provide a quality service once consumers become more vocal," he said.

McGeary seeks bigger claim in AIDS case

LEGAL counsel for AIDS sufferer Barry McGeary, who is suing his former GP for breaching doctor/patient confidentiality, applied to increase his claim from R50,000 to R250,000 at the start of closing argument in the Rand Supreme Court on Friday.

Mr Justice Levy said he would reserve making a finding on the application.

Businessman McGeary is suing Brakpan medical practitioner Dr Matthys Kruger for allegedly breaching confidentiality by making his condition public.

Miner saved after 60 hours underground

VERA VON LIEERS

A YOUNG Western Deep Levels miner worker, trapped 3,200m underground for 60 hours, was in a good condition and initially refused to be carried out on a stretcher after being found by rescue workers on Friday.

East Shaft assistant production manager and rescue co-ordinator Gerrit Kennedy told a news briefing on Friday that the miner initially wanted to walk out of the mine but was later ordered on a stretcher by members of the rescue team.

Kennedy said the miner was able to drink water from a broken pipe while trapped underground and could breathe air passing through the fallen rock.

Eight miners were trapped underground after a massive rockfall at the mine on Tuesday. One was rescued immediately after the accident.

Sapa reports that the search continued when rescue workers recovered the bodies of the remaining two miners on Saturday, bringing the death toll in the accident to six.

At the time of the accident, the seven night-shift workers were on their way to the rockface following a blasting operation four hours earlier.
THREE: foreign financial institutions are keen to fund Johannesburg’s proposed tram network.

City council planning director Jan Symon said yesterday the council had been approached by Italian, Belgian and French financial institutions, as well as some of SA’s “big institutions” interested in backing the proposed R1.5bn light rail system.

Plans are based on the findings of the Mastran Consortium, private consultants appointed by the Transport Department, who recently completed a four-year study into a mass transport system for Greater Johannesburg.

Symon declined to name the interested parties.

He said the foreign institutions had proposed mixtures of loans and investments in the form of capital and rolling stock.

He said detailed planning of a R600m starter tramline could start in July if the finance was found and the general plans were approved by the public and council.

Construction would start in 1993 and the line would come into operation in 1995.

Symon said the starter line could be built on two existing lanes of Louis Botha Avenue, running from Alexandra to the CBD, R160m would run at ground level for most of the route but would have to be above ground where the land was too steep, such as at Louis Botha’s “death bend” in Orange Grove.

Symon said the R500m needed over five years to put the line into operation should be seen in perspective. Local authorities and other government bodies spent R1bn a year on transport in the Johannesburg metropolitan area.

He believed he would be able to come up with a “menu” of fundraisers for the council to choose from.

The list could include loans or investments by financial institutions; government funding; a redirection of some of the council’s transport budget; a metropolitan licensing fee added to existing road taxes and/or surcharges on either businesses in the area of the new transport corridor which benefited or on developers adjacent to the tram line.
Railways bias 'an economic factor'

IN English and Afrikaans, the signs at one end of Cape Town's commuter railway station say "Exit for first class passengers only".

In Xhosa, they say "No exit here. First class passengers only".

Passenger apartheid has long vanished from South Africa's commuter trains, and the signs, a relic of the days of "whites only" will presumably be changed one day so as not to offend black people who might travel first class.

But what about the system of first and third-class fares itself, and what about the physical layout of stations such as Cape Town, which was built three decades ago specifically as an apartheid station? Are they not also part of an unchallenged legacy of legalised racial discrimination?

According to the commercial manager of the SA Rail Commuter Corporation, Mr Coen van Niekerk, the "class" system was really based on economic considerations and was in fact in operation long before 1948, it was merely adapted later to meet the needs of apartheid.

He said in an interview that, since passenger apartheid was formally abolished some three years ago, the application of separate facilities had gradually shifted to a businesslike approach and was presently maintained purely in terms of sound business principles and free market forces.

Thus phenomenon of separate facilities is not peculiar to Cape Town station, but occurs across the broad spectrum of rail commuter facilities in the country, he said.

What the separation means in practice at Cape Town station is that third-class passengers coming, say, from the central shopping area of the city, walk appreciably further, with greater exposure to the weather, to catch their trains than do first-class commuters. They buy their tickets in a third-class concourse and, as the "apartheid" sign explains, are not permitted to pass through the first class entrances.

First-class carriages are fitted with padded seats and divided into smoking and non-smoking units, while third-class sections are generally equipped with glass fibre benches and offer no non-smoking space.

Third class is also generally more crowded, particularly at rush hour.

Van Niekerk said the separation of facilities does not in itself pose "any real problem".

He said that, on the face of it, it could be ideal in terms of rationalisation of facilities for the corporation to run a one-class only system, as is done on commuter systems, such as those of London, New York and Tokyo.

"In doing so the corporation would at least visibly rid itself of the haunting remnants of apartheid - the perceived discrimination implied by the mere 'first' and 'third' class distinction. Unfortunately it is not that simple."

The problem, he said, is that the market would not accept it nor be able to afford it.

Combining facilities in a standard grade would mean that third-class fares, which are a quarter to a third of the price of first class, would immediately have to be increased at least four-fold to maintain the equilibrium in the fares structure.

In addition, the use of costly infrastructure would be distorted, resulting in overcrowding and bottlenecking at some points, while at others trains would run empty or become redundant.

"So, purely on an economic basis, we must acknowledge that, in the medium term at least, there is a need for differentiated classes.

"Bearing in mind that our present clientele base consists of 85 percent third-class users who are responsible for 70 percent of our fares income, you would have the problem that many people would not be able to afford the upward adjustment in fares that switching to a standard class would entail."

Commuter rail transport in South Africa is already heavily subsidised by the State - to the tune of some 70 cents in each rand - and trends towards the elimination of Government subsidies and increased self-sufficiency on the part of organisations such as the corporation means a greater subsidy is out of the question.

In addition, market studies bear out a very specific demand for both basic and better-class travel facilities, particularly in the Western Cape.

"Research is also under way to determine a more suitable designation for the class differentiation in keeping with modern and acceptable business principles and we hope to make an announcement on this in the not-too-distant future," said Van Niekerk.

"Metro (the corporation's commuter service) believes it is evolving and equipping itself to fulfil its rightful and strategically indispensable role in the new South Africa.

"The true and lasting solution for effectively mobilising the masses for the labour market lies in rail transport and Metro is geared to meet the challenges that lie ahead." - Sapa
Transnet raises rates to coincide with VAT

Staff Reporter

TRANSET have announced rate rises which will come into effect on September 30 — the launch date for VAT.

Transnet announced increases in Spear rates of 8.8%, a net increase of 8.8% in Portnet's rates and 9.7% for Petronet's services.

Consumer bodies yesterday lashed out at the increases, saying the higher cost of transporting goods would further aggravate spiralling inflation.

Mr Albert Schuitmaker, of Capetown Chamber of Commerce, said: "Any cost increases at present are damaging to the economy and fly in the face of government claims that VAT reduces costs."

"Increases in the costs of rail transport will particularly affect the Western Cape as it is the most remote area from the PWV."

Mr Schuitmaker said increases in harbour charges would affect all imports, which would cost more.

"Expert costs could also rise, making South African products less competitive in world markets," he warned.

Mr Daan Kruger, assistant director of the SA Consumer Council in Pretoria, said the increased costs would be passed on to the consumer. "The consumer is being confronted by a wide range of increases over a broad front and it looks as if he is going to be worse off after VAT than with GST."

However, he said, it was "heartening" that Transnet had kept the increase to less than the full VAT rate of 10%, which will come into effect from October 1.

The latest increase would not affect rail commuters, and he hoped there would not be further increases soon.

Mrs Sheila Baillie, chairman of the Cape Town branch of the Housewives' League, said any increases in road and harbour transport would have an adverse impact on the economy, but expressed relief that the increases were below 10%.

Mr Ulrich Joubert, chief economist for Transnet, said only 15% of Transnet's input costs were affected by GST.

Johannesburg — Any postponement in implementing value-added tax will exacerbate the current poor business conditions and delay any new upturn in the economy, says the SA Chamber of Business.

In a statement yesterday, Sacob said it had urged Finance Minister Mr Barend Du Plessis not to postpone the implementation of VAT.

"There are clear indications that there will be a significant revival in the economy when VAT is introduced," it said.

The National Union of Metalworkers of SA yesterday staged a 30-minute demonstration through the industrial suburb of Rosslyn, outside Pretoria. The protest was part of a campaign to have VAT suspended until a new tax system was negotiated, said Numsa officials.

Anti-VAT pickets, organised by the Congress of SA Trade Unions, were also held yesterday in Vereeniging and Klerksdorp.

Cosatu said the pickets would continue until September 30 — Sapa

Don't delay new tax — Sacob
Bartlett in call for more SA toll roads

ONLY just over half of the money required for South Africa’s road needs was budgeted for in 1990, a government inquiry has found.

The Road Needs Survey, conducted by the Department of Transport, has underlined calls for improved spending on the construction and maintenance of roads in South Africa.

The study found that R4.180 million was required last year for the maintenance of the existing network at tolerable standards.

The actual budget level, however, was only R2.660 million.

In an introduction to the report, Minister of Transport Mr George Bartlett said the replacement value of the Southern Africa road network was estimated at R60.600 million.

He said it was essential that alternative forms of road funding were developed and toll roads presented an opportunity to achieve this.
ALTERNATIVE TRANSPORT: Since the already sporadic minibus taxi service was disrupted by fighting between the two taxi associations at the weekend, hundreds of workers have had to resort to buses and trains for transport. This was the scene at Nyanga terminus yesterday and today there was still no sign of minibuses.
R500 000 ‘time hitch’ for SAA

Own Correspondent

LONDON. — Two South African Airways flights across Africa were cancelled in the early hours of yesterday morning because of a misunderstanding by Sudanese air-traffic control authorities.

The unexpected denial of fly-over rights for the SAA flights to return to London’s Heathrow Airport and Jan Smuts Airport

The London-to-Johannesburg flight was due to bring home world-boxing champion Brian Mitchell. Mitchell’s flight was due to land at 2am yesterday. SAA said last night that the flight bringing Mitchell was expected to arrive at Jan Smuts at midnight last night, 22 hours after his earlier scheduled arrival.

Late last night SAA announced that the misunderstanding had been resolved and the airline’s planes had resumed flying over the North African country.

The pilot of the London-bound flight was told at 1am yesterday by air-traffic controllers in Sudan that he would not be allowed to continue his journey through Africa. No reason was given at the time and the aircraft returned to Johannesburg at 6.30am.

Weary passengers were allowed to disembark at Jan Smuts while the aircraft was refuelled. Two hours later, they set off again — taking the old route around the West African bulge.

Civil-aviation experts in London said that the waste of fuel and having the Jumbo out of revenue-earning service probably wasted close to R500 000.

Last night SAA manager in London Mr Phillip Unterhorst said the Sudanese action was not political. “We have been flying over Sudan for a number of weeks.”

There was some misunderstanding with regard to the timetable — when the summer timetable ends and when the winter comes in.”

South African planes have authority to fly over Sudan until October, when a new timetable will come into effect, he said.

Sudanese authorities yesterday allowed South African Airways to resume flying over their airspace 18 hours after revoking permission. “The misunderstanding over flying routes with Sudan and Egypt has been resolved,” the airline said in a terse statement last night.

SAA spokesman Mr Leon Els said last night that Sudanese authorities had informed SAA yesterday that the misunderstanding had arisen due to flight schedule changes made necessary by daylight-time changes in Europe. — Own Correspondent, Sapa
Bureaucratic bungle puts Portnet in power

DURBAN — A bureaucratic bungle has given Portnet almost unbridled control of South African ports — to the extent that the company could ban SA Navy vessels from entering local harbours.

This is according to Mr Cliff Matthee, MP for Durban Point and secretary of the National Party's Study Group on Transport.

Theoretically, he said, Portnet could expropriate land, eject shipping companies and expand harbour facilities with impunity, and neglect its "public duties" without any legal consequences.

"Because of a new law, Portnet now owns the country's harbours lock, stock and barrel," he said.

The government had apparently overlooked several important legal implications because of its haste to transform the former SA Transport Services (SATS) into the public company Transnet.

A meeting will be held in Cape Town today to resolve the issue.
Road accidents the biggest killer of SA's primary schoolchildren

STEFAANS BRUMMER  
Staff Reporter

ROAD accidents kill more primary schoolchildren than anything else, with drownings next, a child safety seminar has heard.

Almost half the deaths of children aged five to 14 in 1990 were as a result of accidents and injury — far more than those killed by disease.

The figures were disclosed at a seminar, jointly presented by the Child Accident Prevention Foundation (CAPF) and the National Occupational Safety Association (Nosa) on Wednesday.

The seminar also heard that mothers who worried about their children's safety while they were at work were themselves more vulnerable to accidents.

CAPF statistics show that in 1990 — the latest completed figures — 1,872 children aged five to 14 years old countrywide died from injuries.

The figure represents 45.6 percent of the total death rate of 4,102 — more than any disease — and Mrs Nelmarie du Toit of the CAPF said the actual figure could be much higher as there was difficulty compiling figures.

She said child accident prevention was a neglected field. "People tend to focus on the curative rather than preventative."

"We prefer to use the term 'injury' because, for example, the dictionary defines 'accidents' as a mishap or unforeseen event, but accidents can be prevented."

She said the pre-school child was more at risk, although proportionately more died of malnutrition and related illnesses.

"Because of their stage of development, pre-schoolers still need protection from a parent.

"Things like 'hot' or 'cold' are too abstract for them to understand. Parents do not realise the child's limitations."

Mrs Benvah Malule of Nosa said worried mothers, whose children were being cared for by others, were also at risk.

"They go through enormous stress worrying about their children. Such an employee — called the 'troubled employee' — is less productive and more exposed to the immediate dangers of the workplace."

She said the injury rate at work increased, contributing to the R160 million spent annually on medical expenses for work injuries. The figure excluded lost productivity.

CAPF, which is connected to the Red Cross Children's Hospital and has the only child safety centre in South Africa, plans to open branches in the rest of the country and start an injury surveillance system.
Red it not been for the additional depreciation of R47m written off the Safmarine fleet, Safren’s attributable earnings would have advanced by 26.4% instead of the published 16.7%.

CE Buddy Hawton explains that large depreciation provisions are necessary from time to time when accurate assessments of the value of the fleet are made. He describes the fleet as Safmarine’s stock-in-trade. As the average age of the vessels is about 10 years, the stock is continually turning over when new is bought and old is sold.

For competitive market values to be reflected in the balance sheet, he says, depreciation write-downs of this size are sometimes appropriate, the amounts depend on the state of the ship market. All other group assets were conventionally depreciated. Attributable earnings should thus be seen as conservative. But the year to end-June was difficult, internationally and locally.

Safmarine still accounts for the largest slice (45.3% this year) of attributable earnings. However, the line has been a reduction in world trade, the fleet again saw reduced cargo volumes—a major reason why gross turnover grew by only 9%. Depreciation of the rand towards the year-end helped.

Kersaf marguarity increased its contribution to group earnings, to 41.4% from 41.1%. Despite a reduction in room occupancy levels, the directors are well satisfied. Major growth is expected from this division when local and international economies improve.

Rennies’ contribution fell to 12.9%, from last year’s 13.4%. The travel division did well despite the Gulf War, but reduced volumes hampered the forwarding, transport and cargo activities. But Rennies’ bulk terminals performed well throughout the year.

Net capital expenditure totalled R911m. Kersaf accounted for about R451m, of which R300m was invested in Sun City and the Carousel at Babalegi. With 404m spent on Mmabatho Sun, Safmarine’s capex absorbed R460m; ships acquired accounted for R232m and pre-delivery finance and progress payments, R138m.

Cash flow remained strong. The year-end cash balance was R655m compared with the previous year’s R711m and there was net interest received of R2.9m (R4.9m).

Hawton notes that from 1992 onwards, R1.5bn has been earmarked for capital expenditure, of which about R1.3bn will be on Kersaf’s Sun City, as well as Babalegi and other projects. The balance of about R430m has been allocated for the acquisition of ships, containers and other peripheral shipping and transport items.

These projects will be financed internally and from borrowing facilities already in place. Judging from the positive cash flow, this year of R682m after dividend payments, this will not present a problem.

Safren’s share price has risen from R30 in April last year to the current R83. The final dividend of 177.5c brings the total for the year to 237.5c, placing the share on an historical yield of 2.9%; the p/e is 14.7.

Given the strength of the asset base, the earnings and cash flow capacity and the currency hedge qualities of Safren, the premium rating is likely to continue.
The push to deregulate the tourism industry is moving ahead rapidly. Trade & Industry Minister Ozz Marais is meeting with industry representatives on Tuesday to discuss the latest draft of the White Paper on tourism.

The final draft will go before parliament in the next session and will become the basis of government’s new tourism policy.

The White Paper promises big changes. Local authorities would have the right to lift Sunday restrictions on cinemas and theatres, bars and shopping. Travel agents, tour guides, hotels, bars and liquor stores would face more competition because registration rules would be eased. The number of caravan parks, guest houses and bed-and-breakfasts would increase because the regulations controlling them would be cut back.

There’s no doubt that, Marais, in office for less than six months, is the driving force behind these proposals. After seeing the draft of the White Paper, he asked industry representatives to comment and gave them 10 days to respond, according to Theo Behrens, the president of the Federated Hotel, Liqueur and Catering Association of SA.

“We aren’t used to a Minister being personally committed to tourism and wanting to get things right, from the start,” says Protea Hotels chairman Otto Stelhik. “Being invited to help rewrite the document is a very pleasant experience.”

Adds Behrens: “My main problem with the draft is not what’s in it, but what’s been left out. It has some good points, but it meanders and sets no targets. We need a good action plan, but the draft doesn’t have one. It doesn’t tell us where we should be going, how many tourists we should be trying to persuade to come to SA in the next five years and how we should get them there.”

The urgency surrounding tourism deregulation probably indicates that government finally has recognised the huge potential of foreign tourism. Last year, SA drew a record 1m foreign visitors. But, Behrens says, not even 200 000 of them were actually tourists; the rest were business people, students and shoppers from neighbouring countries. The figure is a tiny fraction of what the country should be attracting, if the numbers pulled in by other countries are any guide (Business & Technology August 23).

“Hopefully, all parties will now act with the same urgency, especially in upgrading our infrastructure — from access roads to hotels, airports, Customs & Excise services at points of entry and transport services,” Behrens says. “With SA’s improving image, foreign visitors could find SA an increasingly attractive destination and we must get ready for this influx.”

He says bilateral agreements with a growing number of overseas airlines, such as China Airlines, Cathay Pacific, Austrian Airlines and Air Seychelles, are important indicators, because many travellers prefer to follow the flag carrier. “Japanese tourists, especially, prefer flying with Japan Airlines (JAL). We trust that the Department of Foreign Affairs and SA Airways (SAA) will soon be in a position to finalise a bilateral agreement allowing JAL to fly to SA.”

And, with SAA’s first post-sanctions flight to New York expected to take off before the end of the year, similar moves by US airlines could lead to a jump in the number of American visitors. The same should be the case with Australian travellers, once Qantas decides to resume its Johannesburg route.

While the tourism industry largely favours deregulation, it also wants State handouts. The industry believes that companies catering for international tourists should qualify for export incentives and other assistance, just as manufacturers and other exporters do. “The Minister is prepared to consider this if we can suggest a way to ensure that an incentive scheme can’t be abused,” Southern Sun MD Ron Stringfellow says.

Whatever the outcome, tourism has a long way to go to boost the fortunes of the beleaguered hotel industry. Fedhasa executive director Peter Hearfield says business travel still constitutes 75% of the industry’s revenue, with tourism contributing a mere 20%. “And the industry is now treading water at a 50.5% room occupancy rate — about two points down on last year.”
Rail, post rates go up
but business costs will drop

By Des Parker

DURBAN — Rail, harbour and fuel pipeline rates and post and telecommunications tariffs will cost businesses less under VAT — and not more as was claimed last week.

Durban business consultant Kevin Fagan said at the weekend the two organisations had done a disservice to the economy by failing to explain fully the effect of VAT on their charges — that of a cost reduction to business.

Freight rates

Transnet said last Tuesday that rail freight rates would rise 8.9 percent from September 30, harbour charges 8.8 percent and Petronet's fuel pipeline service by 9.7 percent.

Postmaster-General Johan de Villiers said post and telecommunications tariffs would rise by 8.7 percent on average from the end of the month.

Mr Fagan calculated that the cost to business organisations — which comprised the bulk of Transnet's customers — should, in fact, come down between 0.9 percent and 1.7 percent under VAT.

Cost issue

"What has happened is that these organisations — and indeed a great many businesses — are looking at VAT as a cost issue, which it is not.

"When looking at business pricing and profitability, one must forget that VAT exists — it simply confuses the issue.

"Organisations registered as vendors under VAT will recover all the VAT they pay from the tax system. They do not need to raise prices to recover it from their customers.

Businesses which raised their prices in the belief that VAT would cost them more, said Mr Fagan, might find their returns given an initial boost when they combined wider profit margins with VAT refunds from the Receiver.

But they would soon lose market share to those companies which understood the new tax and passed on the benefits to customers.

Competitor

"This is a price sensitive economy in the business-to-business environment.

"If one business puts their prices up while a competitor puts his down, it's not hard to see who is going to corner the market.

"This is the concept that (Minister of Finance) Barent du Plessis has been trying to explain but no one believes him."
Sabta set to expand into hotels, tourism

THEO RAWANA

THE SA Black Taxi Association (Sabta) was poised to enter the hotel and tourism trade in southern Africa, the organisation's public affairs manager Fanyana Shiburi said at the weekend.

This followed a call by University of Zimbabwe economist Sipho Shabalala at the organisation's AGM at Sun City last week for Sabta to look at diversifying into travel-related markets in neighbouring states.

Outlining the role Sabta could play, Shabalala said, "The principal goal of our region should be the bringing about of a high and rising standard of living for the citizens of the region."

"To meet the package of consumer needs, Sabta should consider establishing units for tourists and holiday-makers and travel agents' support services to build and run its own lodging and catering units at convenient places and establish and operate filling and repair stations at strategic locations," Shabalala said.

Sabta's Shiburi responded by saying his organisation was well set to undertake expansion "Tourism has always been a main focus and, with the changing climate, we are well-placed to provide services in this area."

Letter and parcel distribution was another service the organisation was pursuing and taximen could soon be running full-scale freight services, Shiburi added.

Ballooning PWV prompts public transport study

THE PWV's population would exceed that of London or Los Angeles in 10 years' time, Transvaal Provincial Administration spokesman said yesterday.

At the weekend launch of a study into a new public transport system for the area, the spokesman said the PWV's population growth rate exceeded the national average over the past 20 years.

About 23% of the total population was concentrated in the PWV area, which constituted 2% of SA's land area. It was predicted that the PWV's population -- currently 9 million -- would be 16 million by 2010.

The TPA announced the study in Pretoria on Friday.

It was intended to provide a background for a balanced public transport system for the PWV. The study would be done by the TPA in cooperation with the SA Roads Council, consulting engineers and town and regional planners.

The area to be studied was stretched from Rust De Winter in the north, Witbank in the east, Heidelberg in the southeast, Vereeniging, Vanderbijlpark and Sasolburg in the south and Brits in the west.

Transport Department deputy director-general Malcolm Mitchell warned that the study plan would have to take into account that finance would be a great limitation on what those involved could achieve.

A previous study had assumed finance would be available to implement recommendations and projects.

However, budget structures did not allow them to be carried out. A TPA spokesman said the study was crucial in view of the expected urban development and the high population concentrations.

It was projected that the population of the PWV area would exceed those of cities such as London and Los Angeles within the next 10 years.

The study will look at the utilisation of the existing transportation infrastructure and planned road network and the identification and reservation of corridors for future public transport systems.

Public transport infrastructure funding will be probed, as will planning adjustments based on social, political, economic and regional environmental changes.
Government continues to hold the reins

WHILE many countries are deregulating mobile communications and other networks, South Africa's Department of Posts & Telecommunications is monitoring developments and deciding which routes are best.

Telkom senior GM, technology, Keith Prins says although SAPT has been split into Telkom and the Post Office, the regulatory body will remain mutually with the Department of Posts & Telecommunications.

"It's not certain when this will be transferred," he says.

After commercialisation on October 1, he says the SAPT will not be disbanded immediately.

Responsible

"It will be responsible for regulation until government decides who will be responsible for various regulatory procedures," he says.

Since SA introduced car phones, the supply of terminal units has been privatised and these are supplied by Siemens and Philips.

"We've kept control of the network and this makes sense because we believe the motorphone network is part of the main network."

"To allow another operator to establish an alternative mobile network would not be viable; there are only 7,000 users."

On the question of frequency allocations and the fact that more are needed, he says the Post Office has got some frequencies back from other users to add to those it had at the time motorphones were first launched, but it is looking at extending the number.

If it's decided to install the Pan-European GSM 900 motorphone system once the motorphone network has reached capacity, Prins says more frequencies will probably be made available.

"Within two or three years, we'll probably be making plans for extending the network."

With the new system it's expected terminals will cost less than those available because GSM has a wider international user base than the system now installed.

On the question of personal communications networks using C72 technology, he says the Post Office is keeping an eye on developments, but standards have not yet been fully developed, so this is an inhibiting factor.

"When standards are in place, and if we see sufficient local demand for this technology, we will certainly look at providing such a service."

Prins says if services are priced correctly, customers will be drawn to use them.

"This is an experience found in many countries," he says.

Cellular

In Europe, the UK has the largest market in cellular communications. There are more than 1-million subscribers and it has the lowest terminal costs.

Through a joint EEC initiative, all members committed themselves to implementing the new Pan European mobile service on the GSM standard.

This will lead to a common standard across Europe, with terminal costs after a few years expected to be lower than those currently available in the UK.

Some researchers say, in Western Europe alone, there will be 30-million subscribers the year 2000.

It's estimated by 1995, about half of all phone calls in Europe will involve a mobile phone.
Blame rising prices on transport, say farmers

GERALD REILLY

PRETORIA—Drastic increases in Spoor rates for transporting farm products, coupled with the effect of VAT, could send consumer prices into orbit, the Transvaal Agricultural Union (TAU) warned yesterday.

TAU president Dries Bruwer said blame for escalating food prices should not be laid at farmers' doors.

The gap between their prices and consumer prices was widening by the day mainly because of soaring input costs, including transport costs.

He warned that "extraordinary" increases in Spoor rates could lead to distribution problems, particularly of fresh produce, and lead to market shortages.

Currently there were shortages of some products in Cape Town while there was an oversupply in Johannesburg, mainly because farmers were avoiding expensive long-haul transport.

Detailing the tariff increases, Bruwer said that where producers had paid R1.53 to transport a case of mangoes from Tsaneen to the Epping market in Cape Town, this would now cost R1.48. The cost of railings a case of pawpaws from Tsaneen to Cape Town had increased on September 1 from R3.07 to R6.96. The transport tariff from Tsaneen to Pretoria had risen from a case to R2.52.

For the same journey the tariff for a case of mangoes was increased yesterday from 46c to R1.36.
Blame rising prices on transport, say farmers

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Detailing the tariff increases, Bruwer said that where producers had paid R1.53 to transport a case of mangoes from Tzaneen to the Epping market in Cape Town, this would now cost R3.80. The cost of delivering a case of pawpaws from Tzaneen to Cape Town had increased on September 1 from R3.67 to R5.96. The transport tariff from Tzaneen to Pretoria had risen 92c to R2.52.

For the same journey the tariff for a case of mangoes was increased yesterday from 46c to R1.38.

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Zambian maize plan details

LUSAKA — Zambia expected to import 1.7-million bags of maize from SA this year using some of its copper export earnings as collateral, Finance Minister Rabson Chongo confirmed yesterday.

Chongo said his government had secured a loan from a commercial bank to import the maize, but he refused to name the bank or the amount involved.

The government has also increased the producer price of maize from 800 to 2100 Zambian kwachas per 90kg bag for the 1991/92 marketing season. The increase was intended to encourage farmers to grow more maize.

Chongo denied reports that the Zambian government, facing a severe maize shortage, had mortgaged all its 1992 copper exports proceeds for the imports “There is no way we can mortgage all our earnings for one year. The copper is being used as collateral to secure a loan from a commercial bank. It is merely a guarantee that we will be in a position to pay.”

Chongo said Zambia was using a similar arrangement for weekly imports of 70 000 tons of oil.

Zambia earns between $100m and $1bn annually from copper, the minister said.

Chongo said maize imports from SA would cover more than half of the expected shortfall in the 1991 Zambian crop.

He said at worst $60m would be spent on maize imports in 1991. Western diplomats estimate the bill will be up to $80m.

Chongo said the government was also negotiating with Washington for more maize imports.

Zambia faces payment problems for maize imports because Western donors last month froze its balance of payment and import support fund when it failed to repay World Bank arrears.

The government has also dithered on implementing austerity measures such as raising prices of the staple maize meal ahead of the first multiparty elections in 20 years on October 31. — Sapa-Reuter.
Safren likely to maintain growth curve

By Tabulani Sikhakhane

Safren, which has its main interests in trade and tourism, is one of the super growth shares of the Nineties, says Old Mutual senior portfolio manager Adrian Allardice.

Investors seem to share Mr Allardice's sentiments. Safren's share price has had a strong run in the past 12 months, rising R49 to a high of R65 early last month.

It fell with the rest of the industrial market to about R73 before rising to yesterday's close of R79, at which level it is up 119 percent over the same period last year.

Despite the strong rating, Mr Allardice says Safren still offers some value.

Mr Allardice told an Association of Unit Trust seminar in Johannesburg yesterday that Safren was likely to continue its growth performance.

Its wholly owned subsidiary Safmarine would benefit from the lifting of sanctions, leading to growth in exports.

Increased tourism should benefit 76 percent-held subsidiary Kerzaf, he said.

Safren is gearing up to take advantage of these opportunities. Chief executive Buddy Hawton says in the annual report the group's main businesses have embarked on major capital expenditure programmes totalling R1.5 billion over the next few years.

In financial 1992, capital commitments approved total R590.97 million, with a further R598.196 million to be spent after 1993.

Despite this huge outlay, Mr Hawton says total borrowings (net of cash) relative to shareholders funds should not exceed 30 percent by the end of financial 1992.

Safren is a cash-generator, closing financial 1991 with cash on hand of R55 million.

Mr Hawton says these investments should help show an acceptable medium-to-long-term growth in profits, while expanding and enhancing the group's range of activities and services.

He adds that while the lifting of sanctions should have a positive impact on trade, the effect should only start coming through to Safmarine once the local economy picks up.

Another positive factor about Safmarine is that the agreement relating to the Southern Africa-Europe Container Services (Saecs) is currently under negotiation.

Safmarine is a major participant under this agreement and it forms a large part of its liner operation.

Mr Hawton says the new arrangement should result in more streamlined and efficient services, which should increase Safmarine's market share.

Negotiations should be completed later this year.
'Unique' train service launched

SPOORNET has introduced a daylight sitter train - the Marula - from Johannesburg to Louis Trichardt.

It said the train was unique as only open-coach sitting accommodation was available in second and third class coaches.

A spokesman said a fully service offering refreshments and cigarettes would be available on the train.

The train, he said, would depart from Johannesburg at 7.55am, arrive in Pietersburg at 2.05pm and in Louis Trichardt at 5.20pm.

On its return, the train would leave Louis Trichardt at 8am, arrive in Pietersburg at 10.46am and in Johannesburg at 5.30pm, he said.

Single second class fares cost R70 and third class R40,50 a person.

Children under the age of seven years and accompanied by an adult travel free of charge.

Children between seven and 12 will pay half the adult fare. - Sapa
The amoeba splits

The commercialisation of the Post Office neglects the power of competition

Divorce proceedings have been under way for some time — but early this week the Post Office’s postal and telecommunications businesses finally split in two.

The Post Office’s traditional mail handling operations and Telebank division were taken over by a new company with the somewhat unoriginal name of SA Post Office (Sapo). The telecommunications operations, including the telephone service, are now owned by a new company, Telkom SA. The old Post Office, or Department of Posts & Telecommunications to be exact, will remain as a skeleton operation responsible for administering legislation contained in the Post Office and Radio Acts and will also provide employment for staff who choose not to take job offers from the two new companies. Most of these employees will be seconded to either Sapo or Telkom.

The restructuring of the department has been on government’s agenda for several years, but has been delayed by opposition from various quarters in parliament as well as protests from staff associations.

The heavily amended Post Office Amendment Bill was passed by the President’s Council early this year — after being rejected by the House of Delegates — and came into effect from October 1.

As part of government’s drive to commercialise state utilities, Sapo and Telkom, like Transnet before, will now operate as separate companies and comply with the demands of the Companies Act. Each has a newly appointed board of directors, comprising representatives of the public and private sectors, and will be liable for company tax — though it is likely to be some time before the loss-making postal operation makes any contribution to the Receiver of Revenue.

The commercialisation of the department remains a highly sensitive political issue. For the consumer, however, what will change? The answer, in the short term at least, is very little.

The State remains the sole shareholder of each of the new companies and will garner any dividends declared by the organisations, as well as collect taxes. Though the companies will be managed autonomously, their directors have been appointed by government and both boards will report to Minister of Transport and Posts & Telecommunications Piet Weigemoed. Government has also retained the power to veto tariff increases proposed by Sapo or Telkom.

Ties between the postal and telecommunications entities will not be completely severed. For the next five years, government will use dividends and taxes raised from the telecommunications provider to help offset anticipated losses at the postal company. Telephone subscribers will still be able to pay their accounts at their local post office branch as the postal company will act as a collection agent for Telkom.

Perhaps the most important indication in the eyes of the consumer that there has been little change to the status quo is the fact that Sapo and Telkom will, to a large degree, hang on to monopoly in their markets.

Government’s approach to commercialisation owes much to a study of the organisation conducted by Wim de Villiers in 1989. In his report on the strategy, policy and structure of the Post Office, De Villiers recommended that the telecommunications and postal op-
balancing item out of account could not be enough. Without a realistic view of where GST revenues were coming from (or not as the case may be), there was no knowing what the VAT rate should have been.

So, at a rate of 10% — revised down from 12% — both Finance Minister Barend du Plessis and a wide range of taxpayers are claiming to be losers under the new system.

Consumers are convinced that VAT will bring escalating prices — with some justification. Their worst fears will be realised only if inflationary expectations perpetuate the once-off increase whenever it may prove to be. But certainly there are grounds for expecting an initial kick-up in prices. Apart from any other consideration, VAT will bring into the tax take a range of services, previously excluded, which is roughly estimated at 15% of GDP.

A calculation by Sanlam economist Pieter Calitz shows that the broader VAT base amounts to 70%-75% of the consumer basket, compared with the 52% of the basket to which GST was applied. A rate of 12%, he calculates, would add two percent-
capital goods and certain intermediate goods were taxed in the hands of vendors.

The report of the committee set up to consider objections to VAT (Vatcom) pointed out that this cost was “built into the price of goods which the vendor supplies and is passed on to consumers” A price which was also subject to taxation.

In addition, Van Heerden says, in a full year R6bn would be lost because input credits have been allowed for capital intermediate goods.

For these reasons, Du Plessis assumed that exceptions of the sort with little room to manoeuvre and consumers with a sense of grievance.

Though VAT has been introduced in more than 50 countries, evidence of these sources is inconclusive because the final outcome depends on what taxes VAT replaces.

Van Heerden argues, however, that the experience of Sweden is a useful guideline because of the similarities to the SA situation. When VAT was introduced in 1969, at a rate of 10%, it replaced a retail sales tax with the same rate. Capital equipment, as in the case of SA, had been taxed under the retail tax but was free under VAT. The expected loss of revenue was made good by a 1% payroll tax.

VAT researcher Alan Tait records that the Swedish rate of inflation fell to 2.3% in the eight months following, compared with a rate of 5% in each of the preceding years. Given the fall in Sweden, Van Heerden cannot see why a 13% VAT rate would have pushed up SA's inflation.

In the domestic debate, the judgment of neither side will stand close scrutiny. Du Plessis is notorious for his desperate measures to raise revenue in order to finance unjust-
creations be split and a separate regulatory authority — similar to the Office of Telecommunications in the UK or the US's Federal Communications Commission — be created to devise and implement legislation governing these companies and competitors.

However, he balked at suggestions that the assets of the department should be privatized and argued that the national telecommunications network, in particular, was a natural monopoly that should remain in the hands of the State.

After supposedly championing privatization — and with it the argument that both the Post Office and the economy in general would benefit from reduced State intervention, an increase in the size of the tax base and greater attention to productivity and efficiency — government has been quick to backtrack. Its role models in the US and Europe (particularly in the UK) have been abandoned. Privatization has not only become a dirty word on the political stage but is being shunned by management and workers alike within the new postal and telecommunications companies.

Willem van Rooyen and Dane du Toit, the two Post Office veterans appointed to head Sapo and Telkom respectively, believe commercialization will provide the new companies with sufficient flexibility to greatly improve their efficiency and productivity. They argue that the new companies, released from the responsibility of regulating the markets in which they operate and free from direct financial and political control by government, will be better able to focus on providing an efficient service to as many people as possible while remaining on a sound financial footing.

Suggestions that the State has pushed ahead with this commercialization in order to keep its assets out of the hands of any incoming government are quickly countered by management at Sapo and Telkom. Both point to the fact that the State has surrendered little control of the new companies.

The challenges facing both men are considerable.

Sources — particularly in the next five years, when dividends are required to help fund the postal operation.

Telkom boss Du Toit recognizes that the company must market its services much more effectively in order to generate increased revenue through more efficient utilization of its existing network. It also needs to expand and enhance its telecommunications services to stave off encroachment by potential competitors who are able to use new technology to enter the market much more cheaply.

Both Sapo and Telkom are further hampered by the terms of the Postal Services Amendment Act, which guarantee that there will be no retrenchments as a result of commercialisation. Many observers consider both companies overstaffed and with attrition levels of less than 5%, this will not easily be rectified. There is also little new blood in the operational management of the new companies and changing the culture of the organisations from that of State departments to customer-driven businesses will be an enormous challenge.

Though government expects Sapo and Telkom to now operate as businesses, both companies continue to carry some social responsibility for ensuring that their services are made available to socioeconomic sectors of the community.

Details of this obligation are very hazy but, in the current economic climate, it is safe to assume that pressure will be exerted on the companies to ensure that telephone and postal services are provided to poor urban and rural areas. High rates for long distance and business telephone and data traffic have for many years subsidised residential and rural services. Unless government supports the provision of lossmaking telephone services through some sort of social upliftment fund, increased cross-subsidisation appears inevitable.

Commercialisation, in reality, offers little prospect of cheaper telecommunications or postal services. These services are already cheap compared to many parts of the world. What needs to be improved is the quality of the services — and this can only be done through increased competition.

The development of an independent authority responsible for regulating and hopefully liberalising these markets has lagged. While it has emerged in recent weeks that this responsibility will reside in a new look and scaled-down department, details of the scope and structure of this watchdog remain scarce.

The new regulatory authority will be crucial to the future of Sapo and Telkom and the development of markets they intend to serve. Only once this organisation is in place and working, will it be possible to judge the merits of government's decision to press ahead in quite the non-competitive way it has chosen to do.
**Suspected fraud sum ‘rising’**

THE suspected fraud at Sage Holdings subsidiary Financial Planning Services (FPS) now involves about R1.4m and looks set to escalate, according to well-placed sources. The figure initially mentioned was R10m.

Attorneys acting on behalf of a Johannesburg businessman, whom they say stands to lose R2.3m, claim the FPS consultant involved in the case has put a substantial amount of money into a luxury yacht in Cape Town.

However, attorneys have so far been unable to link outright ownership of the yacht with the consultant, whose name is known to Business Day.

Sources said FPS had also taken steps to sequester the estate of the suspected consultant.

Sage director and FPS spokesman Bernard Nacan refused to comment yesterday, saying only that in-depth investigations were continuing.

He said as far as FPS was concerned the matter was sub judice and more “speculation” could not be commented on.

Police liaison officer Capt Eugene Opperman said a case had been opened, and that investigations were continuing.

He said he could not confirm whether a warrant had been issued for the FPS consultant, who is thought to be in London.

Sources said that aside from Randhong Investments, which says it has claims against the consultant for R2.1m, there are at least two other private clients with claims said to involve more than R4m.

A lawyer said it was “more than likely” that FPS would be liable for debts incurred by the consultant.

He said there was a 1969 case on record where FPS was legally obliged to pay for a fraud perpetrated by its consultant.

The newly formed banking group Absa holds 49% of FPS.

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**Security group starts feeding scheme**

THE security organisation Neighbourhood Watch has started a feeding scheme for underprivileged communities in a bid to curb rampant suburban crime.

Marius Wessels, the organisation’s convenor, said yesterday increasing poverty in squatter areas had forced people to resort to theft for a living.

He said the non-profit project had been started in Durban and would be extended throughout the country.

**ANTHONY NDLULO**

“Many of the people in these camps are living on the breadline; they spend the little money they have buying food with low nutritional value, at exorbitant prices,” said Wessels.

Neighbourhood Watch, whose members carry arms while on duty, is putting together special food packs for distribution to squatters.

A survey will be conducted to ensure that the contents of the packs meet people’s daily dietary requirements.

Wessels believes the scheme will go a long way to furthering safety and security in SA.

“It would be short-sighted of us to barricade our neighbourhoods without addressing the cause of the problem,” he said.

He said the Department of Health was approached for further assistance and he was awaiting a response.

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**Free State files global flight plan**

LINDEN BRINS

Lex’s latest hopeful international airline, African International Airways, yesterday began recruiting air hostesses for flights it plans to operate from a base in the Free State.

A newspaper advertisement yesterday said only Asian and Chinese hostesses aged between 18 and 25 should apply. They would be required to move to the central Free State immediately.

According to the advertisement, the airline will fly to southern African destinations and “internationally”.

One of the airline’s owners, Sonja Delport, last night declined to elaborate on the company’s plans, but said a full media briefing would be given once all operating details were finalised.

Sources said African International Airlines would use Boeing 707s and BAC-111s. A director of Civil Aviation (DCA) chief director Japi Smit last night confirmed that an application had been lodged with his department, but said the airline had applied only for a freight charter service licence.

According to a recent Government Gazette, the airline would use two Swazi-registered Douglas DC-4 cargo aircraft and had applied to base its operations at Jan Smuts Airport.

Several second-hand Boeing 707s, Douglas DC-8s and BAC-111s are on sale in Africa. The latest Avmark world aircraft prices lists 707s at between $1m and $5m, DC-8s between $2m and $8m, and BAC-111s at between $9,6m and $14,m each.

It is not known which institution will finance the airline’s acquisitions.
EXPRESS FREIGHT

US competitor

The US$8bn-a-year US express freight transport company Federal Express is entering southern Africa on the back of an expected upsurge in local and foreign demand as sanctions go and SA is allowed back into world markets. The company this week signed an agreement in Johannesburg to tackle the regional market in partnership with XPS Services, a member of the Rennie's group.

Federal Express, the world's largest express transport company, serves 135 countries. Entry into southern Africa, using Johannesburg as a hub, is part of an expansion drive that will see it operating in 45-50 African countries by year-end, says Bob Tubman, MD for Africa.

The link-up with XPS will allow Federal to enter nine new regional markets via Johannesburg while giving XPS direct access to international routes via Federal's European hubs in Belgium and the UK.

XPS MD Peter Baker says until now its growth opportunities have been limited to the national market. "The most important factor for us in this agreement is that we can offer national and international service."

Federal's vice-president Christo Cotsakos, who was in SA for the signing, says four factors contributed to the decision to enter this area: expansion of the global network, strong and growing demand for the service, competition from rivals already in the region; and the strength of SA's economy.

Baker says volumes are difficult to forecast, but in the first three months the partners expect 300 parcels a day in-bound and 100 out-bound. XPS now moves 10,000-11,000 parcels a night through its Johannesburg hub. He says an important factor in the tie-up is the two companies' compatibility and similar methods of operation.

Federal, founded by Fred Smith in 1973, is one of the US's most remarkable business success stories. Within 10 years, turnover was up to $1bn, without the benefit of mergers or acquisitions. It has a fleet of more than 400 aircraft - nearly twice the size of British Airways; has one of the world's largest communications networks; and employs 94,000 people around the world.

XPS, established in 1984, offers door-to-door services throughout SA and Namibia. It operates on the same "hub and spoke" principle pioneered for express freight transport by Federal at its US base in Memphis.

The new international service will initially use existing airline services between SA and Europe and slot into direct flights to the US when they are re-introduced. Cotsakos says it's unlikely that Federal will use its own aircraft for the foreseeable future.

Three international airfreight companies already operate in SA: DHL, TNT Skypak and, through a local agent, UPS. XPS expects to raise market share by being able to offer the best international service.
Waterfront is a buried treasure

By TERRY BETTY

CAPE TOWN’s Victoria & Alfred Waterfront development is a gold mine for Transnet.

Derek van der Merwe, financial executive of V&A company, a wholly-owned Transnet subsidiary, says the 88ha being developed had a negative value because the leases cost Portnet more than they earned.

The land is now worth about R450-million, when less than R230-million has been spent. The value of the docks will increase exponentially as R8-billion is to be spent on development which is to be completed in 12-13 years.

Vitality

“But the revitalising effects of the development are being felt well beyond the borders of the scheme,” says Ivor Prinsloo, partner in Gallagher Prinsloo Associates, the architectural co-ordinators and urban designers for the V&A project.

“The V&A development has given a new vitality to the city, which can be converted to financial gains by those with the foresight to move now,” says Professor Prinsloo.

He has been invited to Venice by an international study centre, as the V&A development is unique. It combines commercial development with a working harbour.

This has pulled development towards the waterfront where a variety of major developments have taken place.

Residential property prices in surrounding areas like Greenpoint and Mouille Point have also been given a shot in the arm. Company’s chairman Manne Oeband says many developers are looking for opportunities in and around the harbour. This combined with the lack of available property will place a premium on prices in the area.

“An example is the Beach Road development in Mouille Point where apartments have been sold off plan and during construction with a million-rand-plus price tag,” says Mr Oeband.

He says existing apartments are being upgraded with better security and refurbished entrances. There are also many apartments that have been converted for sale under sectional title which will also improve standards as people will maintain the area better.
Safren sets aside R1,5bn

SAFREN will spend R1,5bn in the next few years on major developments and expansion of its core businesses.

In his annual review, CEO Buddy Hawton said the investment should yield acceptable medium- to long-term profits while expanding and enhancing the group's range of activities and services.

Safren has interests in shipping and passenger and freight airlines through Safmarine, transport, travel and container handling through Rennes Group, and hotel services, casino, film and television production and fast food via Kersaf.

Safren also has a 60% interest in full-service insurance brokers Wilks Faber Limited.

Outlining the divisional developments, Hawton said Safmarine had taken delivery of four ships during the year and was due to take delivery of a further four vessels at a total cost of R475.3m, of which R142m would be directly funded by Safmarine.

Safmarine also acquired a 49% stake in European shipping group CMB Transport for R78.5m.

The new aircraft for the domestic and freight services were financed through third parties by lease arrangements.

Hawton said: "Safar and Trek Airways have favourable flexible buy-in options over these assets."

He said the major development projects undertaken by 76%-held Kersaf amounted to R1.2bn. Of this, R275m was spent in the year to June 1991, while an estimated R715m would be spent in the year ahead.

Port developments in progress within Rennes would amount to R13m and would be financed primarily by outside sources, Hawton said.

Despite the major expansion programme, Hawton believed the group would retain a strong balance sheet, with gearing unlikely to exceed 30% by end-June, 1992.

He said the group was well positioned in its business sectors and expected Safren to continue to show acceptable earnings growth in the current financial year.

Safren traded at R81.50, just below last month's R85 high and well above the R33.50 recorded in October last year.

The share peaked after the release of the group's 17% increase in year-end earnings to R302m (R268m).
Transnet to come to capital market

TRANSNET is to come to the capital market for R300m with a new stock next Wednesday as a precursor to what treasury manager John van Schoor says will be two years of substantial funding.

The new T12 stock, launched in Johannesburg yesterday, is a four-year open-ended issue sponsored by Standard and London brokers James Capel.

While Wednesday’s primary placement would be looking for only R300m, Van Schoor said it was likely to become one of the biggest Transnet stocks. A source said Transnet could be looking to increase the stock to as much as R1.2bn, which would put it in line with the other four major Transnet stocks.

It will be issued at the market rate as at the closing rates of similar stocks next Monday. The nominal coupon is 15% and interest payments are every April and October. The redemption date is October 1, 1995 for the government-guaranteed loan stock.

Van Schoor said there was a substantial funding need from the capital and money markets in the next two years. However, it was “very possible” that Transnet would become more of a cash cow in the latter part of the decade, and the short-dated stock thus fitted in with funding plans.

A major portion of funds would be coming from the domestic market, but Transnet could still borrow overseas. He did not elaborate on foreign funding or the extent of the “substantial funding needs”.

Transnet would act as market maker (buyer of last resort) to ensure liquidity. More than R1.5bn of Transnet stock is.

Transnet turned over each week, R600m in the four equity linked fixed investment (ELFI) stocks.

Van Schoor said April was the month Transnet would be looking for capital, as commitments to be met included interest payments and stock redemptions.

Transnet has assets of R36bn with a replacement cost of R70bn. It generates a turnover of R12bn a year through its various operating divisions — SpoorNet.

Among the funding requirements is the purchase of extra aircraft for SAA — two Boeing 747-400s and seven A-320 Airbuses are on the shopping list.

An analyst said that with rates up in the late 15.50% range, it was possible the current bearish market might not be too interested in the stock, but given its relatively small size and coupon, it was expected to be absorbed.
Call for action against
400,000 unlicensed drivers

Political Staff
STRAND.—Transport Minister Dr. Piet Welgemoed has called
for action against the estimated 400,000 unlicensed drivers on
South Africa's roads.

He told the Cape National
Party congress here yesterday it
was a problem that must be ad-
dressed.

Dr. Welgemoed also dismissed
calls from the congress for a
levy on fuel to be used for main-
taining roads.

"Don't toy with our
roads," one delegate said, com-
plaining about the deterioration
of roads.

Dr. Welgemoed said a levy on
fuel for road repairs would cre-
ate an earmarked fund.

This would be an unfair allo-
cation of funds as all govern-
ment spending needs should
compete for funds equally.

He said it was a government
priority to maintain the existing
road system.

Dr. Welgemoed also turned
down a resolution seeking that
balance of third-party insurance
be made compulsory.

He said that would require a
12- to 13-cent a litre levy on the
fuel price if it were funded by
government.

He promised the problem of
compensating innocent victims
of accidents would be investigat-
ed and discussed by cabinet.

Dr. Welgemoed agreed on the
need for an investigation into the
"phenomenal" increase in the
cost of car repairs and insur-
ance.
Flying Cape to Europe and back is now cheaper

PATRICK FARRELL
Staff Reporter

CAPE Town will benefit from the recently announced airfare cuts to Europe from South Africa.

Since the beginning of the month, major airlines have slashed prices in a bid to capture the overseas market.

The SAA low season Superpex return rate to London from Cape Town is now R3 507, which British Airways, the other major carrier, has matched.

This means that thousands of South African travellers who faced astronomical fares in the past may once again be able to travel overseas.

Virtually every international airline flying to South Africa has cut prices.

Ironically it was SAA that first dropped prices following the airline slump caused by the Gulf war.

Miss Janie van Vuuren, public relations officer for South African Airways, said SAA was confident it could "hold its own no matter how stiff the competition".

"With the introduction of its Superpex fare, SAA has low fares to virtually every destination in Europe," she said.

BA's general manager, Mr Malcolm Freeman, said the government regulated prices. So at the moment, he said airlines were forced to follow rules and were not allowed to set their own prices as in other parts of the world.
Women take to the road to promote traffic safety

SHARKEY ISAACS
Staff Reporter

"WOMEN for Traffic Safety", the latest project by the National Road Safety Council to reduce accident statistics in South Africa, has been launched in Cape Town.

The programme involving women was jointly announced by the project's patron Mrs Marie Welgemoed, wife of the Minister of Transport, the NRSC and a women's magazine which is organising workshops to promote the campaign.

Speaking at a banquet attended by more than 100 leading women, Mrs Welgemoed said: "The community must send a clear message to all road users that it is totally unacceptable to endanger the life of any person on the road."

The important role and influence of women within their families and the community should not be underestimated. Children should be educated from birth to become safe road users.

To survive in traffic it was essential that a positive attitude be taught towards road safety, the traffic situation, developing a comprehensive knowledge about traffic safety and acquiring advanced driving skills.

She appealed to organisations to launch actions in their respective communities to ensure the safety of these communities on the road.

South African statistics showed the lives of more than 126 000 people were annually affected by accidents which killed about 10 000 people, seriously injured 32 000 others and left 84 000 others slightly hurt.

The project hopes to gain the active support of all women leaders in South Africa and their various communities to actively promote traffic safety. It seeks to influence people towards safe and responsible traffic participation.

"To promote the campaign, six women have been trained at Stellenbosch as ambassadors for traffic safety and they will encourage women to become actively involved in traffic safety during traffic workshops."

They are Ms Estelle Brummer of Bellville, Ms Elize van Zyl of Stellenbosch, Ms Aletta Keyser of Paarl, Ms Martie Reynoek of Bloemfontein and Ms Ingrid Dekker and Ms Karin Liversage, both of Pretoria.
Cracks in the cartel

In the past few months travel-starved South Africans have begun reaping the benefits of huge discounts on airfares to a number of international destinations.

It started early this year when Just the Ticket upset the industry by offering discounts of up to 40% on international fares. Those were previously set at exorbitant levels by SAA and the other international airlines flying in and out of SA.

Publicly embarrassed, SAA has since introduced a range of superplex flights to London, Lisbon, Brussels and Vienna. Its competitors have followed suit. KLM, Lufthansa and Austrian Airlines are at least matching SAA's fares.

Prospects for continued discounting seem good as new airlines are set to arrive in SA. Clearly, competition will be keen as the airlines vie for market share, though many have cautioned the public that the discounts are largely due to the slump in international air traffic before and after the Gulf War and the general economic malaise.

But for how long can travellers realistically expect to enjoy these discounts? Chris du Toit, MD of the Association of SA Travel Agents (Asata), believes that the discounts will be short-lived.

"Discounts will probably be available only until March. We're living in a dream world if we believe that more airlines will mean lower prices. The pie is only so big and the existing market will be spread among the newcomers."

The price-cutting, of course, is anathema to travel agents, who like high fares and high commissions, but Du Toit claims that while travellers are enjoying benefits now, it is not in the best interests of the market to allow this price-cutting to continue. "The public will become confused when prices rise again."

Just the Ticket MD Kevin Rawnsley disagrees. "The market is now incredibly price competitive. The good news is that revenue for the airlines will drop, but rather that more people will fly because of the greater affordability."

A return flight to London is now as low as R2 970.

The key to keeping international fares as competitive as possible, however, lies with deregulating SA's international aviation.

For years, SAA, with government's backing, has regulated every aspect of international aviation. Ticket prices, the number and frequency of flights, and even the number of seats have been set in cartel-like agreements with each airline flying to SA. SAA argued that sanctions and not being able to fly over Africa made operating costs higher than those faced by competitors that flew over the continent.

With the European airlines having to charge the same as SAA, but facing lower costs, the route became one of their most profitable in the world.

But earlier this year, SAA CEO Gert van der Veer told an international aviation conference in Cape Town that SAA was ready for significant deregulation as soon as sanctions were dropped. His proposals had substantial qualifications but the main innovation was his acceptance that airlines should determine their own fares and structures in reaction to market forces.

The details of this deregulation process have been left to a government steering committee on SA's international transport policy. While committee members are not commenting on the proposals — which are due to be released shortly — indications from last week's Asata conference are that far-reaching reforms are on the way.

Observers believe that chartered flights will soon be allowed to operate to and from SA, but with limitations, prices will be determined by the airlines themselves; and more than two carriers might well be allowed to operate on each route — something that Van der Veer was opposed to in Cape Town. Indeed, industry sources suggest that SAA's stranglehold on international traffic is over — government's chief concern is now to attract tourism at all costs.

Says British Airways MD Malcolm Freeman of the proposals: "SA international air travel could soon be substantially deregulated. We could, for instance, follow in the footsteps of Australia." But Freeman says government is, wisely, proceeding cautiously.

He warns that an open-skies policy would be dangerous.

Air discount king Bob Williams, however, says an open-skies policy is the way to go. He says that Europe will follow this route in the next few years and in practice, anyone who meets safety standards will be able to operate a flight at whatever price he wants.

Freeman concedes that BA has been a beneficiary of the cartel but says he is looking forward to more competition. He says charter flights always stimulate the market and they are also likely to encourage SA's untapped black market. "Charter flights are generally cheaper because overheads are lower and seat capacity is larger."

Freeman says BA will welcome a deregulated pricing policy. "We would be able to sell seats cheaper whenever we want to."

Will all this competition result in continuing discounts for travellers? Freeman says the traveller's in for a bonanza but warns that supply and demand will even out and prices will eventually rise.

Williams suggests that as long as the price is attractive, the market for international travel will continue to grow. He predicts that the arrival of more competition will see prices at the bottom end of the scale drop by as much as 30% "The more competition, the greater the choice for the consumer."

The government steering committee is also expected to recommend gateway status for Cape Town and Durban. The recommendation could reduce further the add-on fares that travellers on direct flights from London to Cape Town have been forced to pay for years.

When SAA flew around Africa, the flying distance from Johannesburg to London was farther than the Cape Town-London route, but travellers from Cape Town had to pay an add-on fare that was close to the return fare for a Cape Town-Johannesburg flight. It was later reduced to just under 50% of the Cape Town-Johannesburg return fare but remained unacceptable to Capetonians.

With SAA now allowed to fly over Africa, the distance between Johannesburg and London is shorter than the Cape Town-London route — 9 853 km compared to 10 440 km — but the huge add-on fare still penalises Capetonians.

Cape Town Chamber of Commerce business affairs manager Albert Schulttmaker, who was part of a city delegation that held talks recently with two Ministers on the airfares issue, believes that reduced fares are crucial if SA wants to increase its attraction as an international tourist destination.

To back his case, he says a recent advertisement in a Dutch newspaper showed the cost of travelling from Amsterdam to Los Angeles, an 11-and-a-half-hour flight, was 975 guilders, while the fare to Cape Town, a 14-hour flight, was 872 guilders — nearly four times as much.

That's not the only anomaly. He says a Dutch tourist can have a nine-day safari.
holiday in Kenya, including airfare, for 1 590 guilders, but the return airfare alone to Johannesburg is 3 340 guilders. "Why would he even consider visiting Kruger Park when the air fare to Johannesburg would be more than double his entire holiday in Kenya?"

Schuitmaker says the two Ministers, Ptot. Welgemoed of Transport and Dawne de Villiers of Public Enterprises, indicated that steps would be taken to address the situation. He says the normalisation of SAA's routes to Europe must bring down fares substantially. The open discounting now taking place is a start but there's still scope for prices to drop much further.
More SA options from BA

BRITISH Airways has embarked on a new UK-based marketing drive devoted entirely to promoting a package of 5 000 different tourist holidays in SA.

In its bid to snatch a sizeable share of the SA-bound tourist market, BA has published a brochure featuring a wide range of flexible holiday options from as little as £395 for a seven day fly-drive vacation. All 5 000 holidays are based on the airline’s scheduled flights from Heathrow to Johannesburg, Cape Town and Durban.

According to British Airways News, the packages include an optional increase in the length of the holiday up to six months for £25.

BA Holidays’ marketing and products director Roger Heap said the new drive was in line with the pace of change in SA, with the country on the brink of becoming one of the leading long-haul tourism destinations of the 1990s.

The airline was also promoting the fact that from the UK, SA was one of few overseas holiday destinations which could be reached without suffering from jet-lag.

BA has traditionally viewed the SA holiday market as catering for those people visiting friends and relatives.

Free connecting flights to Heathrow from Manchester, Glasgow and Edinburgh are being offered as part of the package.

The airline has also begun an incentive campaign for business travellers from SA flying in first and club world (business) class. Incentives include upgrading to Concorde for first class passengers and club world flying from SA to the US and back until January 31 1992.

Several prizes, including two luxury cars and free return tickets to Kenya are being given away as part of the marketing drive.

BA’s local marketing manager Sandi Lee said the global air travel market had bounced back to pre-Gulf crisis levels, and that BA was back on track in terms of growth.
NEWS IN BRIEF

Safari aims at Africa

SAPAIR, SA's largest freight airline, would embark on a major expansion programme and had earmarked African countries such as Angola, Tanzania and Zaire, the company's MD Brian Loots said yesterday. Loots said although the airline had done work on a covert basis for several clients in the past, including the SADF, recent political changes had presented opportunities in several African nations which 'desperately needed air freight services.'
Boosted airline capacity flies ahead of demand

FIVE airlines have introduced services to SA this year, but the latest government figures indicate that the extra capacity is well in excess of demand — and is likely to stay that way for some time.

Industry sources say the competition will lead to a ticket price war.

Lufthansa spokesman Karin Lambson said yesterday that SA was known as "a stagnant if not decaying market".

SAA and some other airlines have complicated the situation by adding extra flights to their traditional European routes.

"Sooner or later one of the airlines is going to lose a chunk of its cake if the market continues to perform this way," Lambson added.

Airlines are coming under pressure to restructure their fares according to market demands.

British Airways SA GM Malcolm Freeman said a side effect of an oversupply of seats would be "a bit of a price war".

Swissair SA marketing manager Simon Widmer said political instability and township violence diminished travel confidence abroad, but the market would grow once the situation stabilised.

The latest Central Statistical Service (CSS) figures show that 212,413 passengers left SA in the first half of this year. The comparative figure for 1990 was 206,934 and 191,309 for 1989.

While traffic to Africa and Germany grew, passenger volumes to the rest of Europe grew from 79,920 passengers in 1969 to 89,116 in 1990, but then dropped to 84,978 this year.

This July's figures for passenger volumes to Europe show a decrease from 25,005 last year to 20,343.

Overall traffic to SA increased by only 300 passengers in the first half of this year compared with the same period in 1990.

New foreign airlines have introduced more than 1,000 seats a week to the SA market. This will increase when Qantas, Japan Airlines and Singapore Airlines enter the market and when SAA begins flights to the US, Australia and other Far Eastern destinations.

In recent months British Airways, Lufthansa and SAA — the only airlines operating five or more flights a week between Johannesburg and Europe — have all begun offering discount fares to stimulate traffic.

The Gulf war and the global recession have damaged the airline industry, with the International Air Transport Association's member airlines reporting substantial losses during the first half of this year, although some are reporting recoveries.

SAA spokesman Leon Els said campaigns advertising SA as a tourist destination would help to stimulate the market, as would SAA's introduction of Super Pex discount fares. SAA had been less affected than other airlines by the Gulf crisis.

British Airways SA marketing manager Sandi Lee said bookings were back to pre-war levels globally, and in BA's Southern region (Africa, the Middle East and India) this was due largely to an aggressive marketing campaign that the airline launched this year.

"South Africa has been a major contributor to our recovery in this region," she said.

Austrian Airlines reported on Monday that in the first four months of operation between Vienna and Johannesburg, its aircraft had carried an average 68% passenger payload, about 15% higher than break-even on the route.

Traffic to Asia from SA was up by only 475 passengers to 3,658 this July compared with 3,083 in the same month last year.

Cathay Pacific SA marketing manager Jeff Nayler said market performance, especially on flights from SA to Hong Kong, was better than expected but that the airline could do better on its flights to Johannesburg.

US-bound traffic has thinned by about 700 passengers a year since 1989, while Australasian-bound traffic decreased by about 400 passengers over the two-year period up to July 1991, the CSS figures showed.
SA Airways' profits are likely to get a substantial boost from two sources. The reopening of one -- possibly two -- international routes, which were highly profitable before they were cancelled because of sanctions, will add millions to turnover and profit.

SAA is also saving millions on the cost of fuel, maintenance and staff by being able to shorten the flying time to Europe because it can now fly over Africa rather than take the costly, much longer route around the bulge. It has been able to contract out 45 of its 747 pilots to Singapore Airlines and thus convert an expense into profit.

It will probably resume direct flights to the US before the end of the year. There is also talk that during the current Commonwealth conference in Harare, Australian Prime Minister Bob Hawke will announce that permission has been granted for SAA to resume its Australian service.

Both services were money-spinners. SAA's was more popular than Pan Am's on the US route and for several years it was the only airline with a direct link between SA and Australia. The Australian government made Qantas stop flying to SA to record its objection to apartheid long before it stopped SAA flying to Australia.

Don't expect any of these increased earnings, however, to result in fare reductions.

SAA spokesman Zelda Roux says: "We'll use the extra income to recover and get level with our pool partners, who were coining it while they flew straight down Africa and we were forced to fly around the bulge."

78 • FINANCIAL MAIL • OCTOBER 18 • 1991
SANCTIONS are being scrapped and SA is aggressively marketing itself to the world, but will the country’s ports be able to handle an increase in business? The answer is clearly no. In fact, local ports are already heavily congested at times and expensive delays are becoming more frequent.

The problem is particularly acute in Cape Town, where redevelopment of most of the original dock facilities as a holiday and tourist attraction has deprived the harbour of at least seven deep-water berths. Modern bulk carriers that are now twice the length of their predecessors — bringing in 50,000 t of wheat in each shipment, for instance, compared with 10,000 t by earlier ships — add to the traffic jam.

One authority at the Cape predicts that Duncan Dock, where all non-container ships must be handled, will once again overflow during the fruit season in six months, forcing more ships than in past seasons to anchor in Table Bay while waiting for a berth. The increasing fruit exports that are usurping more wharf space, the valuable transit business involving tuna trawlers transferring their catches to ships headed for the Far East, and the requirements of a repair industry now working on 300 m-long tankers in contracts valued at millions of rands, must all be accommodated in a single dock basin.

On top of this, the snowballing operations of De Beers’ diamond ships are now overflowing their base at the rented wharf at the top end of the container dock, forcing the ships to use other wharves. And, with the old passenger berth now handling timber imports, two cruise liners arriving at the same time at Duncan Dock’s general cargo wharves would be unmanageable.

The overcrowding has forced tankers to land or load volatile cargoes only a stone’s throw from a trawler berth and a line of laid-up small ships. The tankers used to be separated from other ships but, with the growth in containerisation, a container basin was built near the tanker berths in 1977, and demands for lay-by wharves have led ships to use a wall near the tankers.

Portnet has begun working on plans to reduce the delays. One proposal is to build jetties out from existing wharves, but this would inhibit the movement of ships in stormy weather because jetties reduce manoeuvring space. Another suggestion calls for a new passenger jetty in the dock basin.

The congestion at Durban, long the busiest port in Africa, is less severe than at Cape Town, but delays are growing as the traffic increases. With its marine engineering complexes, it is regarded as the terminal port and repair depot for numerous ships that must be accommodated at wharves, sometimes for long periods. The four big Safmarine container ships are now put in drydocks regularly in Durban, instead of in Germany.

Port Elizabeth could relieve Durban of some tonnage, especially ore exports from Sishen, but it has too little spare capacity. So it is not surprising that when industrialists and trade delegations begin speaking about new business, people in the shipping field begin worrying about new bottlenecks.
Safair wins Angolan job

CARGO airline Safair has won a R25-million contract for a major inspection of a Boeing 737 belonging to Angolan airline TAAG. TAAG has four other Boeing 737s and five 707s — the maintenance contracts for which Safair hopes to secure.

The "D" check on the two-engined jet which arrived at Safair’s Jan Smuts hangars this week involves a physical and X-ray inspection of the aircraft’s structure. The job should take eight weeks. Maintenance of TAAG aircraft was carried out by other foreign organisations, but geographical and time factors, the cheap rand and doorstep expertise swayed the Angolan airline in favour of Safair.

Chris Bester, Safair’s general manager of engineering and maintenance, says the airline is talking to several African countries about carrying for their fleets. This could bring business worth about R25-million "in the short term and much more in the longer term." He says, "We are almost about to sign a contract with an African airline to do maintenance work on Russian aircraft," says Mr Bester. All this fits in with Safair managing director Bram Loots’ "into Africa" strategy whereby the airline hopes to set up a major freight and passenger network.

Chris Bester says, "We recently completed a contract on an aircraft from Zaïre and expect more work." Other countries in Safair’s sights are Tanzania, Malawi, Mozambique, Botswana, Zimbabwe, Eswatini, Kenya and the Cameroon.

The airline also hopes to secure the maintenance contract for Flitestar’s two new R60-million ATR 72 turbo-prop aircraft.
CLEANER ROAD AHEAD WITH WEILGEMOD AT THE WHEEL

THE APPOINTMENT of Dr Pieter Weilgemood as Minister of Transport is the first indication in almost two decades that the head of state acknowledges the important role transport has in the future of South Africa and the continent as a whole.

From the Transnet to the end of the line, transport remained a neglected sector of the economy, with the focus on manufacturing and agriculture. The appointment of a minister specifically responsible for transport marks a significant change in this regard.

Dr Weilgemood is expected to bring a fresh perspective to the transport sector, focusing on improving infrastructure, increasing efficiency, and reducing environmental impact. He is known for his experience in business and public administration, which will be crucial in driving the transformation of the transport sector.

The Minister's first task will be to stabilize the transport sector, which has been plagued by strikes and service disruptions. He will also need to address the issue of road safety, which remains a major concern.

Dr Weilgemood's appointment is a step towards a more coordinated and effective transport system in South Africa. It is hoped that he will work closely with other sectors to ensure that transport plays a key role in the country's economic development.

BY MAX BRAUN

SPEAKING at the recent CSIR/ATO
Annual Transport Conference, Dr Weilgemood described the sector as a "priority for the country's growth and development." He highlighted the need for investment in transport infrastructure to support economic growth.

Dr Weilgemood called for a "user-friendly" approach to transport, emphasizing the importance of passengers and goods having their needs met. He said the department would work towards improving the efficiency and reliability of transport services.

The minister also mentioned the need to address the issue of road safety, which remains a major concern. He said the department would work with all stakeholders to reduce the number of accidents and fatalities on the roads.

Dr Weilgemood's commitment to improving transport services is welcomed by the public, who have long suffered from poor service delivery and lack of investment in infrastructure. His appointment brings hope for a better future for the transport sector in South Africa.

FRESH

To overcome the constraints of a shortage of funds, the government plans to increase the maintenance of existing roads and the construction of new ones. The minister anticipates an entirely fresh approach to allocating funds and fixing priority gaps in the country.

This new approach is said to satisfy scientific criteria with technical considerations, ensuring that the money is spent efficiently. The government will work closely with all stakeholders to ensure that the transport network is developed in a sustainable manner.

The minister's commitment to improving transport services is welcomed by the public, who have long suffered from poor service delivery and lack of investment in infrastructure. His appointment brings hope for a better future for the transport sector in South Africa.
Utilisation of harbour amounts to only 60%.

The biggest challenge facing Cape Town harbour, says Port Captain Rudi Basson, is to increase the utilisation of its infrastructure by attracting business. At present, utilisation is about 60% on a two-shift system.

Basson says the infrastructure is adequate to cope with growth for the next 20 to 30 years without adding another bay.

There is a limit to what the port authorities can do about cargo flows, as the handling of imports and exports is a function of the economy.

Cargo handling generates the bulk of the harbour's revenue.

Cape Town harbour handles about 4.5 million tons of cargo a year, with about half of this being exports and the rest imports.

Basson says there is scope to manoeuvre by increasing ship repair and maintenance, laybys and bunker services.

"We can look at attracting more shipping on the major sea routes, especially now sanctions have been lifted," he said.

"Over the last six months we have seen an increase in shipping and have experienced the highest pilot movements since 1981."

The bulk of the movement has been for services and the competition by a greater number of ships for cargo.

Basson says Cape Town handles about 160,000 containers a year. This is about one third less than Durban harbour.

The major portion of the transhipment cargo handled is furniture, because of the concern about the imports of furniture and timber for import.

However, despite the excess capacity at the harbour, there is room for improving the infrastructure and there is considerable infrastructural development underway.

Portnet recently invested R3m in a new Ro-Ro shed to improve the speed and efficiency of the coastal cargo service by enabling the ships to offload as quickly as possible and then return to Durban.

A R26m cold storage terminal to handle transhipments of frozen fish to provide a better service to Japanese and Taiwanese trawlers who use Cape Town as a second base is also planned.

Basson says Cape Town harbour transships about 100,000 tons of fish a year. The cold store being built for completion in mid-1992 will handle 10,000 tons at any one time.

Also planned is a R10m hazardous chemical tank farm to enable the Western Cape chemical industry to import hazardous chemicals directly and not have to follow the expensive and dangerous alternative of importing through Durban and transporting by road.

The farm should be completed by next year.

Facilities to handle fruit exports - set to soar when newly cultivated land produces output - are being upgraded by introducing storage areas on the quayside and proper loading facilities.

Basson says there could also be a need to upgrade facilities to handle passenger cruise liners if traffic increases.

Other projects under way are a drive to clean up the harbour and introduce equal opportunity and training for the 2,500 employees.

Basson says the Waterfront scheme is a big success and regards the better utilisation of assets.
Safmarine expects increased seaborne trade for the '90s

Safmarine, SA's largest shipping line, expects growing demand for seaborne trade during the '90s and enters the decade with optimism.

The corporation, part of the Safren group, generated an operating profit of about R38m in the year to end-June 1991.

This was 11% over the previous year, with profitability of the shipping-line trades being badly hit by the recession.

The Gulf War also introduced lower dry bulk freight rates, which impacted on Safmarine's results.

Performance in the coming year will be constrained by the recession.

However, MD Tony Farr says world gross domestic product is estimated to grow by about 2.5% in 1992 and between 3% and 4% for a 'five-year period' thereafter.

In addition, world industrial production, which has a significant influence on world export and import volumes, is expected to improve.

Expected growth in exports is estimated at between 4% and 5% for 1992 and 5% to 6% for the five years thereafter.

In contrast to strong demand, supply will be relatively static.

The world energy demand will increase in line with world industrial production and the soft supply situation will not be able to cope.

Farr says the supply situation will become better organised as time elapses after the Gulf War and parties with the same economic interests re-group.

Globalisation

He says private shipping companies will adopt a policy of 'globalisation', whereby alliances will be sought with other shipping companies to increase their world coverage via combined services or marketing.

On the other hand, governments will largely follow a policy of privatisation, which will reduce the capacity on offer.

The deepsea shipping industry cannot ignore the rapid growth by the dedicated all-freight aircraft fleet employed in intercontinental trading.

In the early '80s, bankers burnt their fingers when vessel prices declined sharply, and they are experiencing the same pain in the world aircraft market.

Farr says the trend towards globalisation will result in major trades developing along the east-west axis, while niche markets, such as the southern Africa to Europe route, are developing in the south-north trades.

There will be development in the aviation and EDP industries, leading to a greater integration of intermodal services on the liner trades to add value to the sea freight component of the total journey.

"Safmarine will mould its strategy to utilise the opportunities and counter the threats which may flow from these external factors and industry trends."

Young

"It is important to meet a rising market with a relatively young fleet and a good age distribution of assets."

"Our building programme and ten-year fleet planning horizon caters for this need. It is also the time to be relatively long in owned tonnage."

"Our recent $78m strategy investment in CMB transport of Belgium strengthens and expands our north-south trade position as well as our international links." Safmarine recently took delivery of a Yugoslavian-built 1200 container ship and a new Romanian-built bulk vessel, and has ordered two new refeeder ships to be built in Poland. It has also bought two six-year-old Japanese-built bulk vessels.

Deregulation

Farr says the recent deregulation of the domestic air transport industry and the expected changes to SA's international aviation policy will facilitate the profitable expansion of the group's aviation activities.

"As liberalisation and globalisation take effect, country nationalism amongst consumers will reduce and the best deals will be sought."

"In this process, the customer will be kept informed by an advancing information technology."

"It is, therefore, important for Safmarine to maintain and improve its customer awareness and orientation."
Cost of railng goods up to 100% higher

A SYSTEM of rating introduced by Transnet last month has increased the cost of transporting toiletries and light pharmaceuticals by 19.6% for a consignment from Johannesburg to Durban, and by 31.5% for a consignment from Johannesburg to Cape Town, Kamille Products MD Mick Driman said on Friday.

Transnet's PX mini-container service increased its rates by an average 15% with effect from September 2, a Transnet spokesman said. But it also changed the basis of its rating to include volume as well as weight, which meant the increase was significantly greater for lightweight goods occupying a high proportion of space.

From September 30, a 10% VAT rate was also levied on the goods. The rate changes increased the cost of goods as high as 100%, the Transnet spokesman said...

Lesley Lambert
Railage ratings up costs

JOHANNESBURG — A system of rating introduced by Transnet last month has increased the cost of railing certain commercial goods by between 15% and 100%.

Transnet’s PX mini-container service increased its rates by an average 15% with effect from September 2, a Transnet spokesman said. But it also changed the basis of its rating to include volume as well as weight, which meant the increase was significantly greater for lightweight goods occupying a high proportion of space.

From September 30 a 10% VAT rate was also levied on the goods.

The rate changes increased the cost of transporting toiletries and light pharmaceuticals by 31.5% for a consignment from Johannesburg to Cape Town, Kamillen Products MD Mick Driman said on Friday. The increases excluded VAT.

Other commercial transport divisions of Transnet have introduced lower VAT rates because of savings from input tax credits.

Rate increases for certain lightweight goods were as high as 100%, the Transnet spokesman said.
Transnet’s new T13 stock
wins fair support abroad

SYLVIA DU PLESSIS

TRANSNET drew subscriptions of only R250m for the
R400m on offer for its new four-year fixed interest local
registered stock, which made its capital market debut
last Friday.

Transnet domestic deputy treasurer Peter Jordaan
said yesterday the new T13 stock, with a government
guarantee, received a “fair” amount of overseas support
about 25% to 30%.

The remainder was taken up locally by private-investors,
pension funds and institutions.

“Judging from the political climate and the present
mood in the marketplace, we’re pretty happy with both
the subscription level and the distribution,” he said.

“The main idea was to get the stock into the market. It
was not really intended as a major funding exercise, but
we see it becoming one of our major stocks in time, and
we’ll probably use it next year for our capital expansion
programme,” Jordaan added that with the stock’s current coupon,
Transnet would be sending a “road show” overseas in
February or March next year to market it there on a
rand-denominated basis.

The stock, issued at a 16.80% yield, closed at a rate of
15.84% on a more bearish capital market.
Transport policy under fire

Theo Rawana

TRANSPORT authorities needed to make provision for the informal sector in the industry, RAU transport expert Wynand Pretorius said yesterday.

He said the authorities should be receptive to planning input from communities using transport systems.

Addressing the conference of the Institute of Transport in Southern Africa in Johannesburg, Pretorius said policy planners concentrated mostly on government and formal sector input and had a "top-down approach."

"The policy should not create distortions — the informal sector and input from the community is very important," he said.

He said community groups saw transport as an entry into economic empowerment and looked for a code of conduct for affirmative action in this area.

Pretorius attacked the practice whereby there was change whenever a new Minister took office. "Transport policy should be there for 40 years and changing the tables all the time leads to conflict," he said.

ANC publicity and information spokesperson Carl Niehaus said that because the state had been thrown into an economic crisis in the '70s, it began withdrawing bus subsidies. This had resulted in employers having to increase bus-fares.

"It therefore came as no surprise that this culminated in a protracted mass action of bus boycotts."
Massive increase in Cape Town’s morning traffic

CAPE TOWN — The total amount of travel on Cape Town’s road network in the morning peak period has grown by about 16% in 10 years, a study has shown. Individual vehicle trips during the peak period have risen from about 100,000 in 1980 to almost 190,000 in 1990, an increase of almost 90%.

The study, by consulting engineer Paul Mann of Liebenberg & Sonder, has been commissioned by the Cape Town City Council. It is expected to take about three years to complete but certain initial conclusions have been reached.

The current cost of the congestion in terms of lost time, productivity and additional fuel, and increased wear and tear on vehicles is estimated at an annual R340m and it is forecast that this may rise to between R1.6bn and R2bn by 2000 if nothing is done.

There has been a sixfold increase in the distance travelled in congested morning traffic.

Simply spending money to increase road space will not be of much assistance, says Mann.

A major swing to public transport of 15% would considerably improve future travel conditions, Mann believes, while locating work opportunities close to where people live would reduce average trip lengths, and increase the use of existing spare capacity.

There are serious problems in the public transport sector as well. An indication of the public withdrawal from the train service is that about 29-million first class rail passengers, or about 80,000 trips per day, have been lost in the past 10 years.
SAA reacts swiftly to lifting of air bans

Mr Els said similar talks with Qantas would begin almost immediately as the airline hoped to resume services to Australia at the beginning of December. A spokesman for Qantas in Harare said there were no immediate plans to reintroduce flights between Johannesburg and Perth. However if SAA introduced direct air links in December, it would be forced to follow suit.

"We will now be able to start talks with the Japanese authorities, their national carrier, as well as Qantas."

He said the demand already existed for direct air links between the two countries. The route to be used to Japan would have to be decided.

Previously, passengers visiting Japan had to fly via Hong Kong or Taipei.

SA Airways will begin talks almost immediately with Japanese and Australian authorities after the decision to lift the ban on direct air links.

Media manager Leon Els said the airline welcomed the decision by the Japanese government to lift all economic sanctions and that of the Commonwealth to lift all people sanctions.

By John Miller, 22/10/91
Transport needs

SA needed to transform its apartheid-based transport system to one that caters for the needs of the SA people and the southern African region, general secretary of the Transport and General Workers Union Ntuse Mhlako said at a transport conference in Johannesburg this week.
SAA poised for take-off to the Big Apple

TANIA LEVY and MARCIA KLEIN

New York three times a week, stopping over at Ilha do Sol as it did before.

Advertising agency Lindsay Smithers employees yesterday worked frantically to put together a TV advertisement for SAA, announcing the resumption of flights. However, it was not aired after the 8pm news as expected, because official confirmation was not received from the US.

After getting the go-ahead from SAA late yesterday afternoon, Lindsay Smithers had immediately contacted the advertising department of TV1 and started making last-minute changes to an ad prepared some time ago. Waiving normal material deadlines, TV1's operational team had rushed the advertising material upstairs and done the necessary technical transfers. TV1 advertising and sport sponsorship head Percy de Wit said:

The ad features a "big apple" coming in to land at New York airport. The flight controller says to the SAA captain: "Welcome back to the Big Apple, buddy."

The ad also involves some corporate positioning for SAA "as an international airline which was spreading its wings."
Redeveloping of station site to top R400m

By MAGGIE ROWLEY
Property Editor

PLANS for a major redevelopment of the Cape Town station site, which could top R400 million, are now reaching fruition, and construction is expected to start within a year.

Under consideration for the 60ha site are a hotel, a convention centre of international standard providing for up to 2,500 people, and additional retail space, which could include an underground section linking up with the Golden Acre.

Mr Jack Prentice, property portfolio manager of the SA Rail Commuter Corporation, and a team of professionals had been appointed to look into all aspects of developing the site, and the process has already gone into top gear.

Part of the project would be constructed above the present railway lines.

"This process, known as decking, will require a huge engineering input, as the decks will have to carry millions of tons of concrete, and our general manager, Mr Dirk Ackerman, is present on a fact-finding mission overseas in this regard," he said.

In the past three months discussions had been held with relevant parties, in the City Council and private sector, including hotel groups. These were ongoing, as were negotiations with a number of large institutions regarding the financing of the project.

Mr Prentice said there was no doubt the redevelopment would take place.

"It is an enormously important but under-utilised site which requires more than just a paint job," he said.

"However, as with any project involving such large amounts, it takes time to tie up the details."

He said final decisions as to the development of the site would probably be made before the end of the year, with "the cement and wheelbarrows" moving on site by mid-1992.

Centre

The City Council, he said, was particularly keen to foster the idea of a convention centre, as South Africa was moving into a new political era and Cape Town was an ideal conference venue.

"We have strong ideas about what we would like to see on the site, but in the end whoever puts up the financing will have the final say," he said.

Mr Prentice said a number of possibilities for financing the project were being considered.

"We do not intend using taxpayers' money for it and will be relying on private sector participation. Either we will go in on a joint basis with the private sector, with us providing the land as equity, or we will lease the land."

"Although under present legislation it is not possible to let air space rights, if this legislation were to be changed we might even consider this," he said.

A senior city official said the council would do its utmost to help facilitate a convention centre being established, as the spinoffs for Cape Town would be immense.

"Not only will it reinforce the whole initiative on the foreshore but it will act as a major drawcard for tourism."

The Cape Town project follows similar plans for the Johannesburg station, where a R600m redevelopment, including a convention centre, is already under way.

The first phase of the Johannesburg Tourist and Trade Convention Centre (JTCC) development involved the conversion of the Rotunda building near Johannesburg station into a luxury terminal for tour and inter-city coaches.

The JTCC is to be constructed above the rail tracks between the Braamfontein and Johannesburg CBD Construction is due to begin towards the middle of next year.

The complex will include a convention centre for 2,500, and the first international conference had already been booked for 1995.
Council plans permits and register for taxis

By DANIEL SIMON

CAPE TOWN City Council is to issue permits and keep its own register of minibus taxi drivers in anticipation of government plans to deregulate the Local Road Transportation Board in the next 18 months.

Sources yesterday said this would help to control the sheer size of the local minibus taxi industry and root out pirate taxis as records kept by the Local Road Transportation Board were a "shoddy mess".

Police yesterday disclosed that 9 000 minibus taxis were at present operated by Webta and Lagunya.

Of this total, fewer than 1 000 minibus taxis were registered with the city council.

Details of who may operate a minibus taxi and which routes they could ply were virtually non-existent as vital information on permit application forms had never been processed on computer by the Local Road Transportation Board, one source said.

"The records are in a shoddy mess. At one point the board was issuing permits in batches and to get a permit on the township-to-city route required a Webta stamp on the back of each application form."

"This caused untold problems with Lagunya and now it is not even possible to establish who is who and who rides where," the source said.

Deputy city administrator Mr Alan Dolby said plans were under way for a new computerized minibus and permit register to be established by the city council.
SA Airways is becoming concerned that the US government's delay in allowing the airline to resume its Johannesburg-New York service will cause it to lose out on lucrative Christmas traffic.

"We're working on an exemption, which is faster than going for a permit, but one document is still causing problems," says Mary Pett, the US Department of Transportation's aviation specialist for Africa. "It's a bureaucratic problem."

Exactly what the hold up is she declines to divulge. In July she said October was a good bet for the first SAA flight to touch down in New York since sanctions stopped the service in 1986.

SAA's Zelda Roux says the airline is "hoping to start in November and be fully operational in December; if we don't hear soon, we may have to think more in terms of starting in December, which means a substantial loss in revenue."

With a permit, SAA could start flying to the US tomorrow. SAA has the crews, the aircraft, permission to fly into New York and a landing slot obtained from the Port Authority of New York & New Jersey, which controls local airports. The airline also has a fully operational sales office in New York, an agreement to make refueling stops at Lhr da Sol, and arrangements for hotel rooms in New York for crews.

But it will take at least two weeks after US officials grant permission before SAA can market and fill a plane with passengers.

Meanwhile, there is also a lot of activity concerning SAA's air links with the Far East. Roux says Singapore Airlines is considering starting a service to SA and has been holding talks with SAA Jenny Kearney, GM of Travemarkt, which represents Singapore Airlines, says a senior airline official will come to SA soon to make an announcement.

SAA is eager to start flying to Australia, now possible because people-to-people sanctions were lifted this week by the Commonwealth countries Qantas, the Australian national airline, will also probably serve the route. Qantas now offers the only direct flight between southern Africa and Australia, from Harare.

"The Far East is a very lucrative market and it's growing," Roux says. "Residents there are very keen travellers. The marketing campaigns of those airlines will whip up their enthusiasm and desire to come to SA, and many will want to fly here in their own national airlines."

Japan's lifting of sanctions this week has also sent the countries' airlines into action. Says Roux: "It has resulted in a flurry of meetings at SAA to decide how best we can benefit. We have never flown into Tokyo but we may, which means we could also call at Singapore."
International transport implications

PRACTICE Note 10 has been released to deal with Vat implications arising from the international transport of goods.

It defines agents and principals and their treatment of input credit refunds.

It is necessary to examine the relationship of the parties to the contract to determine whether they charge Vat on their services at the standard rate of 10% or 0%.

A principal enters into a contract in his own name and on his own liability. This means he will get an input tax deduction on all his inputs that allow him to provide services.

If a person acts as an agent on behalf of his customer, Vat will be a deduction in the hands of the customer. This is a disbursement by the agent which will be passed to the customer. The invoice must be passed to the principal so that he can claim Vat. There are no Vat implications in recovering a disbursement.

Conditions

An exception to the rule is where goods and services are acquired by an agent on behalf of a foreign principal.

Provision is made for the agent to be treated as a principal in his own right for Vat. This means he will pay Vat at 10% on all the supplies made to him. He will claim this back from the Receiver of Revenue.

On the other hand, supplies by him to the foreign principal will be zero rated and the agent will be entitled to claim a refund of all Vat paid on inputs.

This treatment of an agent as a principal is allowed only under these conditions.
Clearing up the ownership mystery

WHO owns Fitestar is a question that has been on many industry watchers' lips since the airline was officially launched two months ago.

Fitestar is the trading name for Trek Airways.

Trek stopped flying in the early 70s and concentrated on another project, called Luxavia - the SA marketing company set up to sell cheap flight packages on Luxair aircraft to Europe.

Company MD Jan Blake took advantage of the planned deregulation of SA's domestic scheduled air services legislation and applied for some of the operating licences.

Trek was successful and last December was awarded licences to operate in direct competition with SAA on routes between Johannesburg, Cape Town, Durban and Port Elizabeth.

Safmarine, part of the Safren Group, owns 88% of the company, Rentmeester Beleggings Ltd 43% and MacKlin (Pty) Ltd 19% of the shares.

Trek's board of directors is drawn from the ranks of these companies and is chaired by Safren chairman Alastair Macmillan.
Rush for seats as SAA’s New York link restored

MORE than 2 500 people had booked to fly SAA to New York, virtually filling flights for the first six weeks of operation after the resumption of the service next month, SAA spokesman Leon Els said yesterday.

This indicates a 100% increase in the number of outbound passengers from SA to the US over the same period last year when only 1 265 people flew with SAA, British Airways, Lufthansa, KLM, Varig and other international airlines to North America from SA.

SAA received permission to resume direct flights to New York on Friday, About 60% of the 2 500 SAA tickets sold by Saturday afternoon were special offer R2 995 Super Pex return fares made available for the first month of operation to the US, said Els.

Industry sources said that by Saturday afternoon all available Super Pex tickets had been sold, generating at least R500 000. These tickets had to be paid for by yesterday afternoon.

Els said the number of allocated seats varied according to each flight and was dependent on the profit yielded by each flight. It is believed the number of Super Pex seats made available on a typical 369-seater Boeing 747 flight varies between 30 and 100.

LOSS

"We can’t afford to have all the seats on those first few flights being sold at R2 995, but we have made a number of seats available to passengers paying those fares," added Els.

British Airways Southern Africa GM Malcolm Freeman said yesterday BA stood to lose about 50% of its US-bound passengers from SA.

Last year BA carried 20 000 passengers between SA and the US via London. Freeman said the airline would still cater for passengers wanting to visit family, friends and business associates in the UK on their way to or from the US.

He said that between April and September BA experienced a 3% drop in passenger numbers on its flights to and from SA, but had recorded a 19% increase in turnover.

"We are carrying more first and business class passengers than ever before, so there’s been a change in the passenger mix profile on our SA routes," added Freeman. He ascribed this change to the successful incentive schemes the airline had introduced for US-bound first or business class passengers from SA, who were upgraded to Concorde for their onward flight from London.

Lufthansa spokesman Karin Lambson said the airline did not foresee any major losses to SAA, as passengers flying to US cities other than New York would probably prefer transferring at Frankfurt – which was less congested than J P Kennedy airport – to flights taking them directly to cities they wanted to visit.
NAIROBI — The world’s airlines are in such financial trouble they lose £26 every time they pick up an international passenger, according to the first official reckoning of the damage caused to the industry by the Gulf war and recession.

The top 200 airlines expect to lose a total of about £2.5bn this year on international services — more than all the profits accumulated by airlines in the past 80 years.

Although the number of domestic and international passengers is expected to reach 1990’s level of a billion by Christmas, higher fuel bills and far less business class travel have frustrated hopes of ending the year in the black. This follows a record loss of £1.5bn in 1990, not counting losses on domestic services.

The gloomy reading comes from a report by the International Air Transport Association (Iata) financial committee at the annual meeting which ends today.

So far this year, 23 airlines have disappeared and at least five more failures are expected before Christmas.

Iata director-general Gunther Eser said: “The industry is bleeding to death. This kind of performance, repeated a few times, would mean the death of the industry.”

He could identify only 20 out of 200 airlines that could confidently meet their debts.

While the airlines make record losses they cannot escape commitments made in the boomg late 1980s to spend £10bn a year between now and 2005 on 4,000 new aircraft. One executive at the meeting said that almost overnight the airline world had been transformed to the status of a Third World debtor nation — Daily Telegraph.
Move to end carnage on Soweto trains

By NKOPANE MAKOBAKE

THE South African Rail Commuter Corporation is to install metal detectors at entrances of several Soweto stations before the end of this week in an effort to curb the ongoing violence on the trains.

Mr Coen van Niekerk, the corporation's marketing manager, announced this during a media tour of stations on the East Rand and Johannesburg yesterday.

He said the detectors would be installed at some stations on a trial basis. Van Niekerk said discussions with the police would continue at a high level to try and stop the violence.

He also announced that the capital programme to improve security at stations, which was originally planned for five years, would now be reduced to three years.

Bid to end carnage

"This means that all the security structures which were supposed to be in place by the end of March 1995, will be completed by March 31, 1993."

"The ultimate goal is to provide adequate police protection 24 hours a day on 250 of the corporation's 370 stations, including a charge office on each of the stations.

"The rest of the stations will be patrolled regularly. Stations will be further safeguarded by erecting security fences, improving lighting and ensuring stricter access control.

About 60 stations countywide have already been upgraded at a cost of about R10 million, and another R18 million will be spent in the current financial year on another 157 stations."
Virgin to study SA's new air policy

A top executive from the UK's second biggest scheduled airline, Virgin Atlantic, is due in Johannesburg this morning for talks with government officials and others about flights to SA.

This comes in the wake of government's announcement on Friday of a new interim policy on international aviation which will open up SA air routes to more foreign airlines.

Virgin's manager in charge of setting up the SA route, Ed Hullah, left London for SA last night. Before leaving he said Virgin welcomed government's new approach.

He was not sure if the new policy would speed up the introduction of Virgin flights to SA. Virgin CEO Richard Branson initially said his airline wanted to start flights between the UK and SA in 1993.

In terms of the new policy announced on Friday, government has agreed to renegotiate the current set of bilateral agreements with foreign governments.

Items for renegotiation include the possible scrapping of air tariff controls which...

Virgin are used to fix fares and protect SAA because of the costs incurred by having to fly around the bulge of Africa.

Government has also agreed to allow more than one airline per country to have at least two scheduled flights a week to SA. This paves the way for flights by non-flag carriers such as Virgin and Lauda Air of Austria.

Provisions are that both governments agree to a renegotiated bilateral agreement, and that SA be allowed to match the number of additional flights to any country which introduces extra flights.

The interim policy will be effective until studies into a revised policy are completed and legislation finalised.

The new legislation also relaxes regulations restricting charter operations.

British Airways SA GM Malcolm Freeman said yesterday the airline's charter subsidiary Caledonian Airways would probably compete if approached by a tour operator to fly groups to SA.

Freeman said it was "highly unlikely" that a fares war would develop in the wake of the new policy. "Most current pricing is already at a low rate," he said.
1991 is the worst year for terrorism against airliners

By LINDEN BIRNS

This year has been the worst on record for attempted attacks against commercial airliners.

Statistics compiled by one of the world's leading anti-terrorism research and investigation bureaus, Air Incident Research (AIR), disclose 64 known incidents occurred during the past year. Of those, 23 were hijack attempts, during which 136 people were killed and 49 hurt, there were 11 attacks on airports, killing 10 people and injuring three.

There were also four incidents involving theft or attempted theft of 18 airliners, one attack on an airline office, and two violent incidents in flight which left four people dead.

Another disturbing occurrence — particularly in Angola — was the shooting down of a commercial aircraft by surface-to-air (SAM) missiles. At least 22 other violent incidents occurred, including explosions on the ground where bombs hidden in baggage detonated during handling.

Between 1980 and the end of 1989, there were 695 violent attacks on civil aviation. In which 2,958 people died and 1,058 were injured. These incidents included 62 bombings and boat attempts. 24 SAM attacks, 18 air-to-air missile attacks, 281 hijackings, 65 attacks on airports, 68 attacks on airline offices, seven attacks on aircraft on the ground, 22 aircraft thefts, four attacks on airline executives and 145 unspecified violent incidents.

There were also 12 known attacks against VIP and corporate aircraft.

Air's senior researcher, who asked not to be named for security reasons, said one of the reasons for the increase in aviation terrorism was the light sentences handed down on attackers by the courts.

He was addressing an industry seminar in Johannesburg last week.

The other problem was the failure of the system of parallelism in the United States in which a "situational" attitude set in.

State-sponsored hit-squads and vigilante groups were increasingly serving out punishment to aerial bombers and hijackers and judges as judges failed to impose deterrent sentences on attackers.

Bizarre

In some cases, governments had been known to pay protection money to terrorist groups in return for non-attack promises to their domestic airlines, he said.

A bizarre, but worrying phenomenon was the way in which some groups financed attacks against commercial aviation in Japan, one group, which has been responsible for several attacks on Narita airport, pays its members salaries. The funds are raised through the selling of five-year bonds with 5% interest in return the attackers guarantee that civil aviation activities at Narita — a development opposed by some Japanese lobbyists — will be stopped.

People convicted for blowing up airliners, or for manufacturing or planting bombs for use against commercial aircraft, had served between three and five years' imprisonment.

"There have been times when governments and law enforcement agencies have debated whether it was worth actually trying to prosecute captured bombers, as they were afraid of retaliatory attacks.

"Extradition of attackers was becoming more difficult as so many attacks were carried out on orders of a regime, and often with the personal involvement of senior government officials, he said.

This had led to the prosecuting government sponsoring hit-squads to capture bombers, or the authors of their plans, and bring them to justice.

In other cases, such as in the aftermath of the Latin American Avianca bombing in 1989, vigilante groups thought to be acting on behalf of victims' relatives, delivered their own form of justice against bombers.

In this case, two of the bombers were found dead in a ravine near the airport from which the doomed plane had taken off. They had been shot several times and a note left on the bodies stated that their deaths were to avenge the innocent lives lost after the airline's Boeing 727 was blown up.

An ethical question raised recently was whether terrorists should be allowed to profit financially from catastrophes they had caused.

The woman who blew up a Korean Airways Boeing 707 over Thailand in 1989 was released from jail just over a year after her arrest. She has since earned $1m from a book in which she described how she and her accomplice blew up the plane "in protest against South Korea's being kept under the yoke of US imperialism".

Photographs

Looters have become another problem. This is especially so when investigating authorities are looking for clues as to why a crash occurred, and also when airlines are asked by next-of-kin to return valuables.

More than 20,000 looters were counted on aerial photographs taken at the Lauda Air crash site in Thailand early this year. The photos showed an eight-mile-long traffic jam leading to the site. The researcher said looting was not a problem only in Third World countries. Cases had been recorded in SA and the UK.

He said if the commercial aviation industry and law enforcement agencies were to combat attacks, then they would need to co-operate in making studies of previous incidents available, and would also have to bury any inter-professional rivalries that got in the way of thorough investigation.

There was no need for capital-intensive equipment investments as no technology had been developed to successfully detect the small and sophisticated explosive devices used by bombers today.

Security officials at airports should rather train and monitor staff who used X-ray and other detection equipment already in service.

He called for better use to be made of passenger profile questioning which could identify possible terrorists.

Another recent trend has been the planting and detection of "bomb" by security staff eager to prove to their bosses that security was still a problem and that they were still "terrorists".

"Staff who carry out the demoralising tasks of manual X-ray machines and such, need to be given support and recognition for their efforts," he said.

It was a spurious argument that if security measures were divulged, attackers would learn the loopholes in airport security. "The terrorists are way ahead of authorities on these issues," the researcher said.

Directorate of Civil Aviation airport security and administrative director Louw Bocye said staff at SA airports were adequately trained.

There had not been a hijacking in 1972, although there had been several reported incidents of stowaways and unauthorised people crossing the runways.
SAA ‘carries cargo for Armscor’

SAA passenger jets do carry cargo for Armscor and some of these could be “dangerous goods” as defined by the International Air Transport Association (Iata), an SAA spokesman said at the weekend.

He would not say what the freight was, but said all transportation nevertheless adhered strictly to Iata regulations.

Reports have claimed that quantities of red phosphorous, used in the manufacture of matches and napalm, were flown on SAA’s Boeing 747 Helderberg, which caught fire and crashed off Mauritius four years ago. It was subsequently pointed out that the phosphorous was shipped to SA on the container ship SAS Helderberg.

However, the airline’s chief media liaison official Leon Els said SAA “has and does” transport goods for Armscor.

“It’s not for us (SAA) to divulge the contents of any of our clients’ cargo consignments, be they Armscor, or Pick ‘n Pay,” he said. A leading aviation researcher said SAA could face commercial repercussions over dealings with Armscor. Its safety and non-military image could be tarnished, said the researcher, who asked not to be named.

Els said SAA was not worried by such implications as it always carried freight in accordance with Iata rules, as did other reputable airlines.
POLICEMEN armed with metal detectors were deployed at Soweto stations yesterday in a bid to halt the train carnage.

But 14 people were injured when weapons hidden in umbrellas were smuggled aboard a train.

The ploy to beat the multimillion rand train security campaign launched yesterday enabled men to get aboard commuter trains armed with pangas and knobkierries.

Fourteen commuters were injured in fighting aboard a moving train yesterday morning, said police.

It was not clear whether those who smuggled the weapons through the metal detectors had planned to attack commuters, or carried the weapons for protection on the violence-ridden trains.

The decision to use the metal detectors is part of a grand plan announced by the South African Rail Commuter Corporation to speed up its security programme.

Thousands of black Reef commuters have stopped using trains because of the daily attacks on passengers.

Referring to yesterday's violence, Lieutenant-Colonel Tienie Halgryn of the Soweto police said the armed men boarded the train at Kiplinton Station about 6.15am.

Police believe they had hidden their weapons, including pangas and knobkierries in umbrellas, which automatically cause the hand-held metal detectors to emit a sound.

Mr Coen van Nickerk, marketing manager of the SA Rail Commuter Corporation, declined to comment on the attack, stressing that the devices were being operated by the police.

The ultimate goal was to provide adequate police protection around the clock at 250 of 370 stations.

A spokesman for Baragwanath Hospital said they treated about 14 people for bruises.

None of the injured was serious.
CBD support for transport plan

By Frank Jeans

A mass transport system for Johannesburg, proposed in a report by the Department of Transport, has been welcomed by the Central Business District Association (CBDA). Bernard Snoodyk, deputy chairman of the association, says: "The implementation of the Masstran proposals will stimulate growth across a broad spectrum of the central Witwatersrand and eventually the entire PWW area."

Mr Snoodyk, who is an executive director of Sage Properties, now urges the stimulation of public debate aimed at creating a joint venture partnership between the private and public sectors to control the implementation of the proposals.

"A regional transport company, comprising all parties, municipalities, the State, black taxi associations, private bus companies should be considered," he says.

Commenting on the plan for the reintroduction of a tram system, Mr Snoodyk says trams are "environmentally friendly" and operate with minimum disruption.

"Cities around the world are bringing the trams back and finding they are very effective." Calling for implementation of the proposals without delay, Mr Snoodyk estimates that the population of central Witwatersrand will increase from the current 4.5 million to about 8.5 million by the year 2005.

By that year 95 percent of the presently zoned residential land will be occupied. High population concentrations will also be seen in south-west, south-east and northern sectors.
Belt up in the back seat, too, says traffic committee

Municipal Reporter

BACK-SEAT passengers in cars fitted with rear seat belts should be forced by law to wear them, the city council executive committee has recommended.

A motion is to be put before the Cape Province Municipal Association at its congress next year to endorse the call.

The Road Traffic Act says the driver and front seat passenger of a car or minibus must wear seat belts. But, while many new cars have rear belts, wearing them is not compulsory.

Commenting on the proposal, traffic manager Mr Wouter Smit said such a move would be a step in the right direction because the number of severe injuries had decreased since the wearing of seat belts had been made compulsory.

"Unfortunately the present national wearing rate for front seat belts is about 50 percent and the wearing rate in rear seats would no doubt be even less," he said.
Air fares cut

Own Correspondent

JOHANNESBURG — The first shot in what could be an air fare price war in South Africa was fired yesterday when the new airline Flitestar offered discount fares over the holiday season.

Flitestar, which began domestic operations five weeks ago, is offering the cheaper flights over the December and January holiday season.

The airline has focused on the business travel sector, but is making adjustments to its fare structures for the holiday season, when traditionally business travel slumps.

The managing director, Mr Jan Blake, said Flitestar was currently operating on 50% average load factors, having recorded a weekly growth of 15% to 20% since its launch.

South African Airways spokesman Mr Leon Els said that SAA already offered a number of discount fares.

"We will, however, continue to monitor the situation and, if necessary, make adaptations, but at this stage we do not foresee any radical changes in fare structures as regards the festive holiday season."

He said that while Flitestar operations would "definitely have an effect on the domestic market, we will continue to aggressively market and improve our own service."

GUY OLIVER reports that the Soviet airline Aeroflot could soon operate from Cape Town.

Meanwhile, South Africans can for the first time book on the airline to fly from Zambia or Zimbabwe to Aeroflot's world-wide destinations.

Landing rights negotiations at Namibia's Windhoek Airport could tie Cape Town into an alternative international tourist route by-passing Johannesburg.
Public corporations' investment could plunge by a real 10% this year and 20% next year, says the Bureau for Economic Research (BER).

The decline will be a result of the expected end of the Mosgas project next year, which boosted public corporation fixed investment in 1989 and 1990, and the lack of investment by other public corporations because of existing spare capacity.

There was a sharp decline in public corporation fixed investment in the '80s, due largely to surplus capacity which accumulated during the '70s. Increased Mosgas investment saw investment rise by a real 25.6% in 1989 and by 4.2% in 1990.

The BER says work on this project has been completed and in the second quarter of 1991 the positive growth rate reversed course to show a decline of 4.8%.

Transnet economist Ulrich Joubert says: "Public corporations are under pressure not to invest large volumes of money because of the surplus capacity that exists and, thus, there is unlikely to be new capital investment by them in the next few years."

But the demand for capital investment may increase during the decade with new markets opening up in Africa and the rest of the world.

New markets will particularly affect Spoor net and SAA capital expenditure levels, says Joubert. "But the business community will have to move into these markets first before public corporations expand their operations," he says.

The opening up of new markets is unlikely to increase investment substantially in the next couple of years. SAA is planning to update its fleet, but this will only take place in the second half of this decade and will replace old aircraft rather than expand the existing fleet.

Joubert said the sectors which will probably benefit sooner from markets opening up are trade in coal and iron ore.

Other areas where public corporations can expand capacity are in providing electricity and telephones in the black townships, says Joubert.

Joubert says the impact of Mosgas on public corporation investment will depend on whether there is further expansion around the project. However, if a speculated Mosgas II project materialises, this will probably be financed by private sector interests rather than public corporations.
McDonnell Douglas seeks aircraft deal with SAA

THE US's second biggest commercial aircraft manufacturer, McDonnell Douglas, wants to persuade SAA to buy its proposed new MD-12 to replace the airline's ageing Boeing 747-200s. SAA last purchased DC-7 four-engined propeller airliners from the Douglas Aircraft Company (now merged with McDonnell) in the 1960s. These were used to complement Boeing 707 jetliners on the airline's European flights during that decade. The MD-12 will be as big, if not larger than a Boeing 747, offering 70% more containmerised cargo capacity than the 747, and able to carry up to 530 passengers in an all-economy configuration, or about 375 passengers in a traditional three-class layout. Its designers have promised that the aircraft will have a non-stop full payload range of about 9 200 statute miles (about 14 700 km).

McDonnell Douglas has not yet released a price for the aircraft. SAA was identified by McDonnell Douglas as a prime potential customer, as the airline is planning a wide-bodied aircraft fleet update to start in the second half of the 1990s. McDonnell Douglas's commercial marketing area manager for the UK and Africa, Ronald Howell, will visit SA next month and will meet SAA executives to discuss the MD-12. The company is eager to re-establish a presence in SA, which it sees as an important strategic base to support further sales in the region.

Last year McDonnell Douglas lost a deal to equip Phetstar with aircraft. That airline chose to lease Airbus A320s through Irish-based Guinness Peat Aviation. McDonnell Douglas only recently received its board of directors' authority to offer the MD-12 to potential customers. The project will go into a prototype production and development phase once sufficient orders have been obtained. It plans to launch the programme next year.
FLITESTAR will offer discount fares on all its flights over the December and January holiday season as the fledgling airline starts making inroads into SAA's share of the domestic air market.

The airline, which began domestic operations five weeks ago, has focused on the business travel sector, but is making adjustments to its fare structures for the holiday season while business travel enters its traditional temporary slump.

MD Jan Blake said Flitestar was currently operating on 50% average load factors, having recorded weekly growth of about 15% to 20% since its launch.

Flitestar did not expect high load factors for the first four to six months of operation.

Flitestar lines up festive discounts
he added, while "proving" itself to the market. By the end of January it is expected to be running on 60% load factors.

He attributed the airline's growth to a slight shift in the market from SAA to Flitestar.

SAA spokesman Leon Sis confirmed that since Flitestar began operating SAA load factors had declined slightly from the upper 70% to the lower 60% mark.

On Monday Flitestar took delivery of an ATR 72 turbo-prop airliner for use on west and east coast services. A second ATR 72 is due for delivery towards the end of December.
Discount air fare from SAA

Own Correspondent

Johannesburg. — SAA yesterday launched a discount air fare allowing travellers to visit up to five Southern African countries for $999 (R2,800)

The See Southern Africa ticket consists of five coupons valid for flights on SAA, Air Botswana, Lesotho Airways, Air Malawi, LAM of Mozambique, Air Namibia, Royal Swazi Airlines, Zambian Airways and Air Zimbabwe. Two extra coupons can be purchased for $80 (R240) each.

The economy-class tickets are valid for a minimum of six days and a maximum of one month.

SAA said yesterday that for every flight, passengers have a choice of travelling on the national carrier of one of the two link-up countries.

SAA’s Mr. Mike Pheiffer said the offer was designed to promote tourism in Southern Africa.

Meanwhile, two Flitestar flights failed to take off from DF Malan Airport yesterday afternoon, leaving more than 40 people — including foreign tourists — stranded.

A passenger, city journalist Ms Sylvia Vollenhoven, said last night that the 4.30pm Flitestar flight to George taxied down the runway but stopped “with smoke billowing from one of the engines”.

“We were told that there was a slight technical problem, while the plane was surrounded by fire engines, and we had to evacuate,” she said.

She added that almost three hours later, a second plane was obtained but its engines failed. Foreign journalists travelling with Ms Vollenhoven were “flabbergasted” at the poor service and the “nonchalance” of Flitestar staff, she said.

A Flitestar spokesman said last night that the two planes had not been flying “under the banner of Flitestar” but were being operated by Safair.

Flitestar had “taken over” Safair, but had not yet introduced their own planes on the Air Cape routes, he said.

Satour expects the number of British tourists visiting South Africa next year to be up 10% on 1991, as tour operators capitalise on the country’s growing international reputation for nature conservation.
SA-Maputo train mined

MAPUTO - A goods train travelling from South Africa to Maputo hit a mine placed on the tracks and burst into flames, according to Mozambican authorities.

A spokesman for Mozambique Railways southern division told the daily newspaper, Notícias, the ambush took place about four kilometres from the border town of Resumo Garcia on Monday. The train was carrying a cargo of coal.

All crew members escaped unharmed, but the damage to the train is said to be severe. It was still burning by nightfall.

The railways spokesman could not speculate about who had laid the mine, but it is believed to be the work of Renamo, which has frequently ambushed trains along the Maputo-South Africa line.

Meanwhile, military authorities claim to have killed nine members of a Renamo gang who attacked a convoy last Friday in Tete province.

The convoy, consisting of 170 trucks, mainly from South Africa, Zimbabwe and Malawi was travelling along the Tete corridor, the road linking Zimbabwe to Malawi that runs through the province.

In the ambush the raiders killed two Mozambican soldiers, and wounded six civilians, including a Zimbabwean driver.

In June this year Renamo leader Mr. Afonso Dhakama pledged that trucks using the Tete corridor would not be attacked, in accordance with an agreement signed in Rome last December.

Until December last year, convoys in the corridor were defended by units of the Zimbabwe national army, but under the Rome agreement all the Zimbabweans were withdrawn from Tete.

The authorities have also announced that the death toll in Saturday’s raid against the Maputo suburb of Zona Verde has risen from seven to 11. Four more people died in hospital.

A band of unidentified armed men surrounded a group of local residents who were enjoying themselves at stalls selling food and drink. The raiders opened fire indiscriminately, and then looted the stalls.

The owner of one of the stalls said he could not understand how raiders could attack with impunity “because just 300 metres away there are barracks which under normal circumstances should have responded to the raid.” - Sowetan Africa News Service
It's a deal as SAA offers travel perk

SOUTH African Airways has joined hands with several southern African airlines to offer discount travel packages covering five zones.

The "See Southern Africa" package, aimed at promoting tourism on the sub-continent, is a special deal allowing visits to a maximum of five countries at no extra fare.

The airline said this week that for every flight, passengers had a choice of travelling on the national carrier of one of the link-up countries.

SAA spokesman Mr Mike Philepher said: "For instance, a person travelling between South Africa and Malawi can make use of either country's airline."

Countries taking part are South Africa, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Zambia and Zimbabwe.

Philepher added: "The package incorporates five coupons and sells at a flat rate of US$999, irrespective of distance covered,

and a further two coupons may be acquired at US$380 each.

"The purpose of introducing this facility is to meet an urgent need to promote tourism within the South African region."

The airfare level in dollars is converted to the currency of the country of sale and at the exchange rate of the International Airline Transport Association - a rate which is generally revised on a quarterly basis.

The package is available on economy class and will be sold throughout the world. The deal is valid for a minimum stay of six days and a maximum of one month.

South Africa's fledgling Finestar Airlines has also announced discount fares on domestic flights during the December and January holiday seasons.

The move has been described as an adjustment for the holiday season while the airline's target business-class market enters the traditional holiday slump.
THE recent survey into the quality of service at Jan Smuts Airport has revealed complaints about inadequate facilities, hostile officials and lengthy waiting periods.

The survey was conducted in June this year following complaints received by South African Tourism Board.

Though no pattern of discrimination against either race or sex were shown by about 1,000 interviewed local and overseas respondents, Satour said complaints of "too slow," "baggage lost" and "paid too much in taxes" were reflected.

The results of the investigation revealed that most complaints were linked to inadequate facilities in the airport complex itself.

A similar survey at DF Malan Airport in Cape Town revealed similar findings, although the proportion of dissatisfied customers was higher.

Of those interviewed, 90.6 percent felt positive about customs services, while 89.2 percent felt positive about immigration services.

"This can in part be attributed to the sporadic services provided by immigration and customs officials who do not operate at the airport on a permanent basis owing to fewer international flights," Satour said in his statement.
'High subsidies keep commuters going'

Municipal Reporter

The government spends R1 300 a year on every commuter who travels from Khayelitsha to Bellville.

This is the cost of transport subsidies, according to a study by two UCT professors.

In their book entitled "South African Cities: A Manifesto for Change", Professors David Dewar and Reuel Uyenbo-

guard of the Urban Problems Research Unit at UCT said no city or state could afford to pay such high costs indefinitely.

A rapidly increasing number of middle-income families, with cars, were feeling the economic pinch of coping with long dis-
tances to work, they wrote.

"The political consequence of withdrawing subsidies, given the existing structure and form of the city, would be devastat-
ing," they wrote.

They calculated the subsidy figure for 1988. In that year, the subsidy on train travel was even higher, the professors said.

They were arguing against the kind of urban planning which has led to a sprawling city of low residential density with long commuting distances.

A lot of planning was done on the assumption that it was still sustainable to build free-standing houses as the basic unit of urban development; that most adults would get formal-sector jobs and mobility would be

based on car ownership.

"These are middle-class perceptions which fail to describe the reality faced by the majority of people," the professors said.

The professors advocated a policy of "implying growth" through promoting higher den-
sities.
Transnet’s Elfi issue reaches R780m

SUN CITY — Transnet, the state transportation company, has announced its Elfi III (equity-linked fixed interest) debt issue has grown to R780m, with about a third of the total in foreign hands.

This represents an increase of 28% compared to the R618m issue size announced earlier this year when Elfi III was launched.

Speaking at the SA Futures Industry Association conference, Transnet chief dealer Hercu Bloem said the R780m only represented Elfi stock on Transnet’s books and the total figure in the market was probably close to R1bn.

He said the next Elfi issue, Elfi IV, was scheduled for launch in April 1992. It would either take the form of a rollover, a completely new one or a combination of the two.

Elfi is a two year loan stock issued by Transnet and guaranteed by government. Besides offering an annual coupon, it is split into so-called bull and bear tranche increases in value.

Investors holding Elfi therefore have diverging views of the market and are able to hedge their exposure by trading in the corresponding all share index future contract listed on the SA Futures Exchange (Safex). Bloem said there had been new sales of bear and bull tranches as investors tailored their portfolios to recent market movements.

He said investors were increasingly switching between Elfis and futures to exploit pricing inefficiencies. Arbitrage operations, as they are known, had made investors “risk-free profits” of between R5 000 and R100 000 per R1m of stock.

Bloem invited delegates to use such arbitrage operations. The increasing use of Elfi III in the market was reflected in activity in the March 1993 all share index futures contract trading on Safex, he said. It accounted for over 90% of the open interest in this contract.
Pilots slam security

Jan Smuts

Johannesburg. — Security at Jan Smuts Airport's cargo centre has been described as 'inadequate' and 'worrying' by officials and pilots.

Staff of several European airlines claim they have brought shortcomings to the attention of the Directorate of Civil Aviation, but say there has been no response.

An SAA Pilots' Association spokesman, who asked not to be named, said pilots were worried about security conditions, specifically explosive-detection facilities, at the airport.

Cargo-Operators Committee chairman Mr Wally Hoddinott said: "In comparison with cargo security at European airports, Jan Smuts is inadequate."

SAA, Swissair, BA, Lufthansa and SAA spokesmen all confirmed that only random inspections were made of cargo, unless items were being sent to high-risk destinations such as Israel or Libya.
Train fares to increase

By Chris Bateman

A NATIONWIDE suburban train fare hike of 15% from January is expected to be announced by the South African Rail Commuter Corporation tomorrow.

The corporation's metro services manager, Mr. Roelie Snyders, yesterday reluctantly confirmed the national "inflation-linked" suburban train fare hike for next year.

While he declined to say when or by how much, it was learnt from other sources that the figure is 15% and that it will be introduced in January.

This means that the price of a third-class weekly train ticket from Mitchell's Plain to Cape Town (30km) will rise from R3,30 to R3,94 and a monthly from R32,50 to R37,37, while the one-way ticket will increase from R1,60 to R2,07.

First-class weekly ticket prices on the same line will increase from R39,50 to R45,07 and monthly tickets from R115,00 to R128,20. The one-way ticket price will rise from R4,10 to R4,71.

Mr. Snyders said the corporation's last fare increase for suburban trains had been 10% on April 1 this year.

Reasons he gave for the latest hike included "compensation for inflation", the spending of R60 million this year by the corporation on upgrading stations and the intended spending of R250m on upgrading station security by March 1994.

Mr. Snyders also confirmed current subsidy negotiations with the government.

On the Bellville/Cape Town line (19km) the third-class weekly ticket price will increase from R6,50 to R7,47, a monthly from R23,00 to R29,53 and a one-way daily from R1,30 to R1,38.

The first-class one-way ticket will leap from R2,70 to R3,10. First-class weeklies will rise from R21,50 to R24,73 and monthly tickets from R79 to R90,65.

Mr. Snyders urged commuters to buy the cheaper monthly or weekly tickets.
Train fares to go up ‘twice a year’

JOHANNESBURG. — Suburban train fares will increase by 15% from January 1, with more above-inflation increases provisionally scheduled for twice a year until 1986, the South African Rail Commuter Corporation announced yesterday.

Chairman Dr Bart Grove said the increases, which would average around five percent above inflation each year, were necessary to keep up with inflation.

Managing director Dr Kobus Nel said the fare hikes would increase the present 20% contribution made by commuter fares towards the total cost of rail commuter transport to 40% in 1986.

He said this would still be less than the world norm of 45%-55%.

Professor Brian Kantor, head of the Department of Economics at the University of Cape Town, said at the Cape Times Businessman of the Year Lunch on Thursday that a 15% fare hike, predicted in Thursday’s Cape Times, was too high in the context of fighting inflation.

Dr Grove said that suburban rail travel was still cheaper than buses or and minibuses.
SAA objects to charter rival

Own Correspondent

JOHANNESBURG — South African Airways yesterday objected to a rival airline competing with it on flights to destinations in Africa and the Indian Ocean.

SAA lawyers claimed the airline was legally entitled to "absolute protection from competition."

They lodged a formal objection with the National Transport Commission against a proposal by Johannes burg charter firm, Air Supply, to use a small Malawi-registered airliner for charter flights to African and Indian Ocean island destinations.

The objection comes just two weeks after the deregulation of South Africa's international civil aviation code which included the relaxation of constraints on charter flights.

Air Supply's application to the commission for an amendment to its non-scheduled air services licence so that it could use a 100-seater British Aerospace BAe-1-11 airliner was published in the Government Gazette on November 1.

SAA's Africa pool agreements manager Mr J P Maritz objected on the grounds that the aircraft would harm SAA's regional operations. SAA, in association with its pool partners, had "incurred great expense to develop the markets".
Rail commuters face another big fare rise

SHARKEY ISAACS
Transport Reporter

SUBURBAN rail commuters face a 15 percent fare increase in January — just eight months after the price of tickets went up 10 percent.

Announcing the increases today, SA Rail Commuter Corporation chairman Dr E L Grové said the new fares were necessary to keep abreast of inflation and costs.

"Even after the increase, fares made up only 27 percent of running costs, he said.

Suburban fares, despite the increases, were still lower than other modes of passenger transport, in some instances as much as 50 percent, Dr Grové said.

The price of a third-class weekly train ticket from Mitchell's Plain to Cape Town (30km) will rise from R8.10 to R9.50, and a monthly from R31.50 to R36.50.

A first-class weekly ticket on the same line increases from R29 to R33.50, and a monthly from R106 to R124. A one-way single journey goes up from R3.90 to R4.50.

On the Bellville-Cape Town line (19km), the third-class weekly ticket goes up from R8.50 to R7.50, a monthly from R25.25 to R25.50 and a single journey from R1.20 to R1.40.

The first-class one-way ticket will go up from R1.70 to R1.90. First-class weeklyes rise from R21.50 to R24.50 and monthlies from R79 to R91.

• Food prices soar: See pages 2 and 25.
INTERNATIONAL AIR TRAVEL

Cracking the cosy cartels

SA finally has taken the first step towards liberalising international air traffic and even this mild interim measure promises to open cracks in the airline cartel that have long forced up prices and limited flights.

UK-based Virgin Atlantic Airways, which shook up the North Atlantic and London-Tokyo routes with its combination of extra service and lower fares, may now have the opening it needs to enter the London-Johannesburg market.

Under the new policy announced this month by the Minister of Transport, Virgin could be allowed to charge the fares it wants, raising the prospect of the type of price war that spurred traffic from London to the US during the Eighties.

Flights from SA to London are considered to be nearly twice as high as they would be under unregulated, free market conditions, so it is not surprising that the route is one of British Airways’ most lucrative. With 20 flights a week, it is SA’s busiest international route and for decades only BA and SA Airways have been allowed to serve that market.

Virgin’s maiden flight to SA, however, is many months off. The airline already has a British Civil Aviation Authority licence to fly to SA, but it needs to obtain other licences and buy additional aircraft before it begins operations.

Says Virgin spokesperson Christina Bruce from London: “We expect to fly there by about March 1993, but hope to start sooner. We’ll do what we did in Japan. By charging affordable fares, we’ll break the duopoly that has been making a packet for years by keeping fares artificially high.”

Malcolm Freeman, BA’s manager for SA, makes it clear he does not fear a price war with Virgin. “By international standards, the whole aviation scene in SA is highly regulated. So I welcome any breaking down of this policy, particularly in the area of pricing, which will enable us to determine our own fares. Fares were kept high to protect SAA, which had a higher cost structure while it had to fly around the bulge of Africa (because of sanctions).”

SAA, for its part, declines to comment.

While the new policy might allow Virgin to undercut the competition on fares, getting clearance for any new flights is the difficult part. For the first time, the policy allows two or more airlines from each country to fly on a route. Formerly, routes were limited to just one airline from each country. But those additional airlines must still get permission from the countries where they are based.

In Virgin’s case, it must convince the British authorities to take away flights from BA, which is unthinkable, or convince them the market has grown and additional flights should be added and given to Virgin, which is more likely. In that case, the UK Department of Transport would negotiate a new agreement with the SA authorities to expand the number of flights.

BA would try to block that effort. “We have been in SA for 50 years and have five offices here,” Freeman says. “We have poured millions into SA. We have spent millions developing the route both ways and there is no way we’ll hand anything to any other airline on a platter.”

“However, the market here is taking off and by next year, there may be a need for 12 flights a week out of Britain by a British airline (there are now 10).”

Virgin has been fabulously successful with just eight aircraft. Founded in 1983, it has captured 6% of the North Atlantic business. In the year to October 1, which includes the Gulf War that brought many airlines to their knees, Virgin enjoyed an average load factor of 79.4%.

“Our chairman, Richard Branson, started the airline because he got sick and tired of paying the earth to fly first class on other airlines and being left with the feeling that he had had a low-class bus ride,” Bruce says.

Virgin has made a mark with its low-cost, first-class service, which it calls upper class. Customers get picked up at home or business and taken to the airport. At the other end, they’re driven to their hotel or appointment. To top it off, upper-class return tickets come with two free economy class tickets that can be used by friends or colleagues.

As for economy seats, Bruce claims Virgin’s cheapest return fare between London and New York, at £259, is £40 below the next lowest rate on offer from competitors.

Virgin’s arrival and the advent of lower fares on SA’s most popular foreign route would be the most dramatic result of the air liberalisation, but the new policy will open up international air travel in other ways. For example, in slack periods, fares to other overseas destinations could drop. Airlines could begin to use Cape Town and Durban as fully fledged gateways.

The long-contentious issue of charter flights is addressed. Now they will be allowed during December and January, when scheduled flights are normally booked, but not out of season, when scheduled carriers sometimes struggle to fill their planes.

And charter aircraft will not have to fly back empty. They will have the right to pick up passengers in SA. In addition, they will be allowed to operate regular flights on routes that are not served by scheduled airlines, such as to India and Egypt.

One of the aims of the new policy is to promote tourism, but Peter Hearfield, executive director of the Federated Hospitality Association of SA, believes SA will remain heavily protected, at the expense of tourism. He says many more charter flights should be allowed from May to September, when SA’s European and North American target market goes on holiday.

“If those planes were allowed in then and each one brought in 300 tourists at lower fares than the scheduled airlines and if each tourist stayed here for 14 days, it would mean a tremendous increase in business for the tourism industry.”

BA’s Freeman says: “Tourism to SA needs to be encouraged, but, by continuing to control the number of scheduled flights at this end, it won’t happen.”

But Jasper Smit, commissioner of civil aviation, indicates that more deregulation is in the wings next year. He says the policy is an interim measure that will be followed by a policy document early next year and then by an Act “More can be expected.”

The easing of the charter regulations has caught Luft Hansa’s eye. Spokeswoman Karin Lambson says her company’s sister airline, Condor, operates charter flights and might be interested in flying to SA. Lutheran is looking at the naming of Durban and Cape Town as gateways.

Zvi Pomagrin, El Al’s GM for southern Africa, says he “welcomes all positive developments, but I’m still worried that the two governments have to agree. That can stifle traffic if SA doesn’t want to increase the flights between Israel and SA and we do.”

KLM GM Peter Jansen says KLM anticipated the development and will increase its flights from two to three a week, and “we’ll go to Cape Town twice a week as soon as possible.”

Fedecoer Beaver, Alitalia’s GM for southern Africa, takes the usual view of a State airline seeking to avoid competition. He says he does not believe there is enough
first-class hotel accommodation in SA to warrant a big increase in flights from Europe (not considering that companies might build more hotels). He says a price war won't increase the number of travellers, it will only hurt airlines.
Bid to entice more UK visitors

KIN BENTLEY

LONDON - SA announced a new low-cost, short-stay programme of tours to SA at the World Travel Market yesterday. This is aimed at enticing more British visitors to the country "out of season".

It has long been the objective of the tourism industry in SA to extend the holiday season beyond the traditionally popular Christmas and Easter.

The new programme, to be known as the "Iza Uzobona (Come and see) Sun Special", is a joint venture by SARtravel, Southern Sun Hotels and Sun International. They have appointed SAA as official carrier and the tours are being marketed in the UK by SARtravel.

SAA marketing manager John Matthews said the aim of the programme was to "open up a new market from the established up-market, long-stay visitor".

Targeted by the programme are younger people in jobs who cannot spend much time away from home and would prefer shorter, less expensive holidays out of season.

It was introduced to journalists at an audiovisual presentation in SAA's own purpose-built theatre with aircraft-style interior.

SAA has one of its biggest and busiest stands at the World Travel Market. Its huge 1,5-ton banner over the main entrance is the largest silk-screen banner in London.
SAA opposes charter flight application

LINDEN BRINS

SAA lawyers yesterday claimed the airline was legally entitled to "absolute protection from competition" when they lodged a formal objection with the National Transport Commission against a proposal by Johannesburg charter firm Air Supply to use a small Malawi-registered airliner for charter flights to African and Indian Ocean island destinations.

The objection comes just two weeks after the Transport Department approved the immediate implementation of an inter- 

tim policy deregulating SA's international 
civil aviation code which included the re-

laxation of constraints on charter flights.

Charter flights between SA and coun-

tries where a scheduled service already existed would be allowed if they did not "overlap uneconomically" with existing scheduled services, the policy stated.

Air Supply's application to the commission for an amendment to its non-sched-

uled air services licence so that it could use a 100-seater British Aerospace BAe 1-11 

airliner was published in the Government Gazette on November 1.

SAA's Africa Pool Agreements manager 

J P Maritz issued the formal objection on the grounds that the particular aircraft would harm SAA's regional operations.

He said SAA, in association with its pool partners, had "incurred great expense to develop the markets".

SAA's negotiators told the commission that granting Air Supply a licence to use the BAe 1-11 would be tantamount to giving the charter company a "licence to print money", as it would be able to sell air tickets at much lower prices.

This was because charter operators saved between 34 and 54% in overall costs compared with scheduled airlines.

SAA's lawyers also claimed that in terms of section 10 of the International Air Services Licensing Act of 1990 the airline was entitled to "absolute protection from competition" as it provided "satisfactory and proper services".

Asked whether the objections could be seen as hypocritical following SAA's CE Gert van der Veer's repeated endorsement...
SAA cool on customer service

SAA rates customer service as a lower priority than any of the other major companies that have recently been commercialised or privatised, according to a recent survey.

But all the companies surveyed rated service as a much higher priority, than their recently privatised counterparts in the UK.

The survey was conducted by Sandton-based consultancy Service Quality Management (SQM), which interviewed top management at Iscor, Transnet, the Post Office, Eskom, Sasol, the SABC and SAA.

The firms were asked to list the eight factors in order of importance to management: culture change, competition, regulation, company structure, management, productivity, investment and customer service.

SAA spokesman Leon Elias said yesterday that customer service was one of the company's highest priorities.

Overall, culture change, defined as 'getting the company used to how things are done in a business culture', ranked as top priority.

But customer service, which attracted the lowest priority of all the factors listed in the survey, of British firms, ranked second in terms of average overall importance among the SA firms.

However, SAA ranked customer service as its fifth most important priority.

Telkorn and Sasol both ranked customer service as their most important priority. It was the second most important priority for the SABC and Transnet, and fourth on the list for Iscor and Eskom.
AIRPORTS

Rebuilding Grand Central

A consortium is pumping R75m into rebuilding Midrand’s Grand Central Airport in order to expand its charter and corporate operations. It might also compete with Jan Smuts on a scheduled service to Durban.

The project is budgeted at 25% more than the R60m originally voted for the revamping, now under way, of State-owned Jan Smuts.

The consortium consists of Meriden Bay Corp, the quoted transport giant Trencor, the Tiber Group (Tiber Bonvec), and a group of pension funds Meriden CE Errol Friedmann says the partners are negotiating with an airline operator that wants to start a daily Midrand-Durban service. He declines to name the operator but says it’s an established airline. The new service would compete with SA Airways and the new Flitestar airline which is scheduled to begin daily flights from Jan Smuts to Durban this week.

The service could hurt SAA and Flitestar by attracting travellers from Pretoria and farther north if it can compete on fares, reliability and onboard service.

“At Grand Central we’re interested in scheduled and charter domestic flights, but not in major international traffic, except over-the-border flights to neighbouring and nearby countries,” Friedmann says.

“We can handle the short-range, four-engined BA 146s that take 80 passengers and are operated by Air Zimbabwe, Air Botswana and now Safair, but not large jets.”

Large jets, including Airliners, but not Boeing 747s or Douglas DC10s, can be accommodated at Lanseria Airport, where the same consortium has a 50% stake (Business & Technology April 5). That airport could compete head-on with Jan Smuts but Friedmann says there are no plans yet. The runways can be lengthened and facilities enlarged to accommodate 747s, DC10s and their passenger loads if long-term contracts are signed with reliable operators.

The first phase of the project at Grand Central will cost R45m and includes a new terminal building, new hangars, an enlarged runway and taxiways, and electronic aviation equipment. The new hangars and associated parking for vehicles should be completed in six months and the rest of phase one six months later.

The project is expected to boost profits at the already quite profitable private airport. Friedmann says phase one’s 8 000m² of new hangar space and associated office accommodation is already let, as is 60% of the new terminal building, which will have modern check-in, immigration, customs and baggage-handling facilities, private departure lounges, shops and restaurants.

He says negotiations with other companies seeking accommodation are well advanced and this could lead to construction of the second phase starting before the first phase is completed.

Meanwhile, he is still waiting for a response from the Transport Minister to his R60m offer (Business & Technology June 21) to lease and improve the facilities at Jan Smuts Airport.

“I’m not holding my breath. Right now I’m concentrating on developing our own two airports.”
On track for ‘action stations’ facelift

DI CÆLERS
Weekend Argus Reporter

IT’S action stations in Cape Town as exciting plans get on track for a new concept in commuter comfort.

The South African Rail Commuter Corporation intends encompassing the local identity of areas into specific themes, and applying them to new-look stations on particular routes, said development planning manager Mr André Engelbrecht.

“We will take the feeling of the area together with its history and design an appropriate theme,” he said.

“If we can accommodate our corporate identity then we will, but otherwise we will override the corporate theme with what we call a trajectory theme.

“The Muizenberg to Simon’s Town line is historically associated with holidaymaking so that would be an obvious theme for the False Bay line.

“The line to Wellington is historically wine route/Cape Dutch so an idea would be to create new stops on the route where passengers could disembark to visit the wine farms and then get a train home,” he said.

Approval for the “trajectory treatment” was granted two weeks ago but Mr Engelbrecht said he could not yet disclose details for particular stations.

“The budget for redevelopment of stations will be approved on November 14 and then we'll know exactly which stations we are going to tackle.”

This “theme approach” would be applied to stations around the country. “We are looking at how we can enhance the commuter experience generally, making both trains and stations more pleasant.”

Mr Engelbrecht said his corporation’s aim was to “evoke commercial participation” and cited the Bellstar Junction at Bellville as a good example.

“There we developed a piece of land adjacent to the station through the route we mostly go for. We invited tenders from the private sector to establish a commercial component. There is now an active centre at the exit of the subway.”

Plans for the major redevelopment of Cape Town station, which include a hotel, a convention centre of international standard and additional retail space, were in the “careful master plan analysis stage”.
Soviets to use SA ports for trawlers

THE way has been cleared for fishing fleets from the Soviet Union to use South African ports.

The USSR has the world's biggest trawler industry, catching 10.4-million tons a year. Regular calls by vessels would boost business for shipping lines and create jobs.

The failed coup in the USSR caused a management vacuum in Soviet fishing.

Business

The Moscow-based central planning organisation which directed the operations of the fleets has been replaced by operational decision-making, says Dr Sedov.

The fleets look to the central committee of the union for advice and assistance while they are setting up new structures and structures to enable them to operate along internationally accepted business principles.

Dr Sedov and Portnet chief executive Duke Davidson signed a protocol agreement in Johannesburg this week.

Mr Davidson says regular visits by Soviet trawlers will promote general trade and economic co-operation between the two countries.

Last year 147 Soviet trawlers called at Walvis Bay, but there was only one call at Durban and one at Cape Town.

He had discussions with port managers, representatives of chambers of commerce, shipping agents, chamber officials of the Department of Customs and Excise and the Department of Civil Aviation.

Two of the largest fleets affiliated to the USSR Fishing Industry Workers Union, now the industry's central body, are interested in using SA ports as a base for southern ocean operations.

A senior representative of the union's central committee, Pavel Sedov, has visited Durban, East London, Port Elizabeth and Cape Town to inspect facilities.

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Dr Sedov and Portnet chief executive Duke Davidson signed a protocol agreement in Johannesburg this week.

Mr Davidson says regular visits by Soviet trawlers will promote general trade and economic co-operation between the two countries.

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Cut-price direct
US flights a hit

By ROGER MAKINGS

SAA's direct flights to the US have proved so popular that the airline has decided to lay on extra frequencies for December.

The inaugural flight to New York, which leaves tonight, was fully booked with dignitaries, members of the Press and airline officials as well as fare-paying passengers.

However, the special November-only discount fare of R2 999 did not apply to all tourist class passengers. SAA had reserved between 15-20 percent of the 300-seater jumbo's capacity for the special fares. All were taken up.

The next/cheapest discount fare was R4 812—almost R2 000 more for the 18-hour flight. First class return tickets cost R19 691.

The two frequencies a week this month will be increased to three from December, with extra flights where needed.

Meanwhile, South Africans hoping to travel to Australia directly from Johannesburg for Christmas might have to wait a bit longer.

Discount

The flights were scheduled to begin in early December. Negotiations between SAA and Qantas were almost complete. Now both governments have to decide on the next steps, which could take weeks.

There are no plans for flights to Moscow in the near future, although SAA and Aeroflot signed an interline agreement on Friday to sell and honour each other's tickets. A spokesman did not discount SAA opening offices in Moscow in the future.
It is work as usual for trains, buses and clinics

MOST public services are expected to operate normally during the two-day VAT strike. Trains are expected to run according to schedule on both days, Spoornet's public relations officer, Miss Yvette Ouwage, says.

City Tramways public relations manager Mr Jean Welsh said the bus company would try "to operate as normal a service as possible." She said some disruption of services was expected, particularly on township routes. City Tramways had a "no work, no pay, no penalty" policy in respect of workers who took part in the strike.

The National Council of Trade Unions (Nactu) has said it has enlisted support for the strike among bus drivers who are members of its affiliate, the Transport and Omnibus Workers' Union.

The strike organisers, the Congress of South African Trade Unions and Nactu, have exempted essential health staff and schoolchildren from the protest.

The Cape Town City Council's municipal clinics and other health services will operate normally.

The Deputy Medical Officer of Health, Dr J.W.J van Rensburg, said these were considered to be "essential services."

The Medical Officer of Health with the Western Cape Regional Services Council, Dr S.A. Fischer, said strike organisers had agreed to exempt RSC clinics and had distributed stickers to identify staff as health workers.

The Cape Town City Council will not have normal refuse collections tomorrow and Tuesday as most cleansing staff are expected to take part in the stayaway.

A spokesman for the Post Office said all branches would be open on Monday and Tuesday.

The University of the Western Cape is to close for the two days.

The University of Cape Town is to remain open on both days.

The manpower manager of the Cape Town Chamber of Commerce, Mr. Charl Adams, advised the chamber's 3 300 members to adopt a "no work, no pay" policy.
SAA flies to New York after five years

SAA's first direct flight to New York's JFK Kennedy Airport was due to take off from Jan Smuts Airport at 9pm last night.

The airline was denied landing rights five years ago under the Comprehensive Anti-Apartheid Act. Since then passengers travelling to the US have had to change planes at a European stop-over — making the journey a two-day trek.

SAA pilots have been practising simulated landing at US airports for the past few months in anticipation of last night's gala flight.

Among the full load of passengers was SAA CEO Gert van der Veer and a group of media representatives.

SAA spokesman Zelda Roux said most of the people on the flight were fare-paying passengers. Invited guests had been kept to a minimum due to the public demand for seats, she said.

Van der Veer said at the weekend SAA was likely to get the green light to resume flights to Australia by the end of this month.

He said he hoped the first flights would take place by December.

In another development, SAA on Friday came a step nearer to forging air links with Japan when Van der Veer and two other SAA senior managers met a delegation from Japan Air Lines (JAL).

This followed the signing of an inter-line agreement with the world's biggest airline, Aeroflot of the Soviet Union.

SAA and Aeroflot have agreed to honour each other's tickets. The two airlines have also agreed to investigate joint fare structures.
Huge deficit for Transnet pension fund

JOHANNESBURG. — Transnet, the former SA Transport Services, has set aside R10,4 billion to make up part of the shortfall in its pension fund.

Transnet chairman Dr Marno de Waal said at a press conference presenting the group's 1990/1 annual report yesterday that at the beginning of April last year the total deficit of the pension fund totalled R17,18 billion.

As a result of the shortfall, the "current state of the balance sheet is not sound and any possible privatisation of Transnet will be severely impeded".

The provisions adversely affected Transnet's maiden financial results for the year to April, which showed a taxed loss of R1 billion.

Net profit, however, totalled R515 million — of which R500 million is being paid to the State in the form of dividends — on turnover of R11,58 billion and operating profit of R368 million.

MD Dr Anton Moolman said the huge shortfall of the pension fund was largely due to massive retrenchment of staff over the past few years, which had seen the complement fall from 280,000 in 1982 to just over 172,000 this year.

Furthermore, Transnet was forced to invest its funds in government and semi-government stock, which yielded far less over the years than investments in shares.

Since the amendment to the Pension Fund Act, Transnet had placed its investment portfolio with private investment managers, Dr Moolman said.
Transnet campaign to
plump up pension fund

Own Correspondent
JOHANNESBURG — Transnet is to launch a three-pronged campaign to haul its pension fund back into the black within 10 years. The deficit currently stands at more than R17bn.

Issuing the diversified transport group's debut results as a commercialised parastatal yesterday, the directors made clear the urgent priority they attach to reducing and eventually cancelling out the fund deficit.

The board decided not to try to fund the deficit in full. The company plans to trim the pension fund deficit gradually by issuing more loan stock, by allocating profits from the component divisions and by raising the company's pension fund contribution rate to 12% from 9%. Employees' pension fund contributions are to remain at 7.5%.

The group has set aside R5.9bn as a provision for the pension fund deficit — a reduction from the R10.4bn provision on the books when Transnet was commercialised in April last year.

Chairman Marius de Waal blamed the deficit on the fund's past investments in government and semi-government bonds with the Public Investment Commissioner (PIC). PIC returns had been lower than those prevailing in growth assets such as shares and property.

The Pension Funds Act had since been amended and the Transnet fund was currently investing in such growth assets.

Pension fund executive manager Gideon van Zyl said the rise in the company's pension fund contribution rate merely brought Transnet into line with the typical contribution rate in the private sector.

Van Zyl was confident the objective of cancelling the pension fund deficit would be accomplished ahead of schedule.

"After these measures are effected we expect that the rest of the pension fund shortfall will be paid back over 10 years in fact we expect to make up the shortfall within 10 years."

Analysts said the Transnet plan to make good its pension fund deficit was part of the group's conversion to private sector status. They noted that private sector companies had to notify the registrar of pension funds if a deficit existed on their pension funds, and had to specify plans to rectify such a deficit.

As a full parastatal in its 80 years of operation before commercialisation last year, the group would have been under no obligation to ensure its pension fund was fully financed.

Cancellation of the pension fund deficit was also an important precursor to the possible future privatisation of the various component parts of Transnet, it was noted.

Analysts also speculated that property development could be a sizeable contributor to the Transnet profits that are expected to help defray the pension fund deficit.

Transnet announced yesterday that it had established a property business arm, Proport to house and develop surplus property holdings. Proport's chairman, Mr. Loubser, said the returns from these developments would also be used to assist Transnet in servicing the fund deficit. Preliminary estimates peg the value of the group's surplus property holdings at about R1bn.

MD Anton Moolman noted in his annual report that the group owned "under-utilised" assets and had launched a nationwide drive to identify them. The objective was to develop and sell the assets so that their value could be realised.

Moolman cited the Victoria and Alfred Waterfront project on Cape Town's foreshore as an example of asset development. Analysts thought other property holdings close to the central business districts of urban areas could be similarly exploited for profit.
SAA profit drop worse than expected

TOULOUSE — SAA has reported a net drop in profit of about R106m this year, about R6m more than expected.

The airline's senior GM John Hare said: 'Yesterday' that the losses were more pronounced in the international services division than in the domestic section.

Traditionally SAA cross-subsidized, being out a losing domestic service with profits from international services. Hare said that this practice had been stopped.

He attributed the loss to the effects of the Gulf War and the recession.

SAA is re-evaluating its fleet requirements in an attempt to recoup some losses and streamline its fleet. Hare said four Boeing 737-100s — the oldest having been built for SAA in 1979 — were likely to be sold. An unspecified country is negotiating a purchase deal with SAA for these aircraft, said Hare.

The airline has also leased out one of its Airbus A300s, and has another on sale with a potential buyer due to place a formal offer within days.

A modernization programme for SAA's older Boeing 747s is also being studied.
Transnet plan to cancel pension deficit

TRANSEN is to launch a three-pronged campaign to haul its pension fund back into the black within 10 years. The deficit currently stands at more than R17bn.

Issuing the diversified transport group's debut results as a commercialised parastatal yesterday, the directors made clear the urgent priority they attach to reducing and eventually cancelling out the fund deficit.

The board decided not to try to fund the deficit in full. The company plans to trim the pension fund deficit gradually by issuing more shares in stock, by allocating profits from the component divisions and by raising the company's pension fund contribution rate to 10% from 9%. Employees' pension fund contributions are to remain at 7.5%.

The group has set aside R5.8bn as a provision for the pension fund deficit -- a reduction from the R10.6bn provision on the books when Transnet was commercialised in April last year.

Chairman Marius de Waal blamed the deficit on the fund's past investments in government and semi-government bonds with the Public Investment Commissioner (PIC). PIC returns had been lower than those prevailing in growth assets such as shares and property.

The Pension Funds Act had since been amended and the Transnet fund was currently investing in such growth assets. Pension fund executive manager Gideon van Zyl said the rise in the company's pension fund contribution rate merely brought Transnet into line with the typical contribution rate in the private sector.

Simon Willson

Van Zyl was confident the objective of cancelling the pension fund deficit would be accomplished ahead of schedule.

"After these measures are effected we expect that the rest of the pension fund shortfall will be paid back over 10 years. In fact we expect to make up the shortfall within 10 years," he said.

Analysts said the Transnet plan to make good its pension fund deficit was part of the group's reversion to private sector status. They noted that private sector companies had to notify the registrar of pension funds if a deficit existed on their pension funds, and had to specify plans to rectify such a deficit.

As a full parastatal in its 80 years of operation before commercialisation last year, the group would have been under no obligation to ensure its pension fund was fully financed.

Cancellation of the pension fund deficit was also an important precursor to the possible future privatisation of the various component parts of Transnet, it was noted.

Analysts also speculated that property development could be a sizeable contributor to the Transnet profits that were expected to help defray the pension fund deficit.

Transnet announced yesterday that it had established a property business arm Propnet to house and develop surplus property holdings Propnet CEO Frank Loubscher said the returns from these developments would also be used to assist
Massive pension fund setback for Transnet

By Sven Lösche

Transnet, the former SA Transport Services, has set aside R10,4 billion to make up part of the shortfall in its pension fund.

Transnet chairman Dr Marius de Waal said at a press conference presenting the group’s 1990-91 annual report yesterday that at the beginning of April last year the total deficit of the pension fund totalled R17,18 billion.

As a result of the shortfall, the “current state of the balance sheet is not sound and any possible privatisation of Transnet will be severely impeded”, Dr de Waal said.

The provisions adversely affected Transnet’s maiden financial results for the year to April, which showed a taxed loss of R1 billion.

Net profit, however, totalled R515 million — of which R500 million is being paid to the state in the form of dividends — on turnover of R11,58 billion and operating profit of R1,56 billion.

MD Dr Anton Moolman said the huge shortfall of the pension fund was largely due to massive retrenchment of staff over the past few years, which had seen the complement fall from 280 000 in 1992 to just over 172 000 this year.

“A large part of the retrenchments was through natural attrition, which pushed up the pension payments while, at the same time, reducing the number of people contributing to the fund.”

Over the past financial year Transnet paid out about R4 million per working day to pensioners.

Furthermore, Transnet was forced to invest its funds in government and semi-government stock, which yielded far less over the years than investments in shares.

Since the amendment to the Pension Fund Act, Transnet had placed its investment portfolio with private investment managers, Dr Moolman said.

At the end of March, the pension fund’s total assets were R10 billion, of which 22 percent was invested in shares, two percent in property, and the balance in stocks and cash.

Dr Moolman said that over the next few years Transnet aimed to have a 65 percent exposure to shares, 15 percent in property and only 20 percent invested in interest-bearing instruments.

To eradicate the shortfall over a number of years, Transnet will increase its contributions to the pension fund from nine to 12 percent, allocate a percentage of profits to the fund and fund the deficit partially by issuing new stock.

Dr Moolman said Transnet’s commitment to private sector norms had resulted in a more profitable operation.

Sats had been responsible only to Parliament for its financial performance.

Transnet does not divulge the performances of its four operating companies — SAA, Spoornet, Portnet and Autonet — because of the depressed economic climate, virtually all traffic volumes were lower over the year.

Petronet, formerly Pipelines, and the smallest division in Transnet, was the only one to register growth, according to the annual report, and reported a profit of R126,4 million.

Portnet, which controls the eight major harbours, handled 5,4 percent less traffic over the year, while traffic volumes conveyed by Spoornet (SA Railways) were eight percent lower.

Dr Moolman said SAA — which last year reported a profit of R188 million — was adversely affected by soaring fuel costs and a decline in passenger numbers.

Domestic passenger bookings declined by 7,9 percent, while international passenger numbers fell by 4,5 percent.

However, he said he was confident that the deregulation of the domestic market and access to new international routes would boost SAA’s performance in the current financial year.
GOVERNMENT'S multibillion-rand transport group Transnet — which was converted to a public company last year-April — has posted a R515m net profit from a turnover of R11.5bn for its first trading year ended March.

MD Anton Moolman said tough operating conditions, largely due to recession, had resulted in four operating divisions reporting lower traffic volumes for the year.

Spearheaded by a 12% decline in goods moved, Autonet a 26% drop in volumes, Portnet a 5% drop and SA Airway's an 8% decline in domestic passengers and 4.5% fall in international passenger volumes.

The group's fuel pipeline division Petronet disclosed a 4.7% increase in product volume for the year.

The group reported operating income of R1.2bn and investment income of R881m for the year. As a result, Transnet's total income before interest charges amounted to R2.4bn.

However, finance costs of over R2bn, including a R1.12bn loss incurred through foreign exchange transactions, reduced profit before abnormal and extraordinary items to R415m. The effect of the interest burden on profits was reflected by the after-interest margin of 3.4% compared with the operating margin of 13.3%.

Treasury manager Johan van Schoor said the R1.12bn foreign exchange loss was "cheap" compared with the saving made by not taking full forward cover on currency exposure.

He noted Transnet's forward cover cost of R254m would have been closer to R500m, if the group had not maintained a partially open position on transactions.

"A R156m special provision to the pension fund was offset by a R561m inflow from a one-off capital saving on the settlement of a long-term debt. As a result, net profit came in at R515m of which R300m was declared as dividend to government.

Moolman said Transnet has created a new as yet unnamed company to house future offshore activities.

Moolman said a major cost-cutting programme had been launched to reduce employee numbers, increase productivity and improve asset use.

As a result, Transnet's workforce had been cut by 9% to 164 000 by the end of financial 1991.

Moolman said underperforming and surplus assets would be developed to full potential or sold off.

Transnet's fixed assets account for R4.9bn of a total R10.3bn capital employed.

Moolman said it would be impossible to privatise Transnet at this stage due to the group's high gearing.

Chairman Marius de Waal said by the turn of the century, he expected the balance sheet to reflect an acceptable debt-ratio, a realistic dividend to be declared and a reasonable return on assets and capital investment.

Transnet book value of fixed assets

<table>
<thead>
<tr>
<th>Asset Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vessels and floating equipment</td>
<td>R1.0bn</td>
</tr>
<tr>
<td>Re 10 stock and containers</td>
<td>R0.5bn</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>R2.6bn</td>
</tr>
<tr>
<td>Buildings and structures</td>
<td>R2.7bn</td>
</tr>
<tr>
<td>Pipelines</td>
<td>R1.9bn</td>
</tr>
<tr>
<td>Roads</td>
<td>R0.2bn</td>
</tr>
<tr>
<td>Vessels</td>
<td>R0.3bn</td>
</tr>
</tbody>
</table>

Graph: FOWA KRISH Source: TRANSNET
POLICE are using 291 staff to protect a daily Peninsula train
commuter load of 877,400 people — and Spoor.net yesterday refused to re-
veal how many security guards it employed for this task "for strate-
gic reasons".

In spite of the low proportion of police to commuters, police
claimed train crime statistics had dropped since they boosted their
train task force by 162 men in July
this year.

Police and Spoor.net were reacting after three violent incidents,
two of them muggings on the
Southern Suburbs line this week. Six gangsters terrorised domes-
tic workers in third class carriages
between Kalk Bay and False Bay
stations on Wednesday, scaring
the coaches for people with hand-
bags, wallets and jewellery.

At Lakeside Station on Tuesday a
young domestic worker was
robbed of her bag and assaulted.

No arrests have been made in
any incident.

Captain Lokie Jordaan, head of
the police mobile train unit, yest-

derday declined to release recent
monthly crime statistics, saying
the regional commissioner,
General Nie Acker, would do so at
a special press conference next
week.

A Spoor.net spokesman said
one of three private security com-
panies was hired by Spoor.net for
commuter safety.

However she declined to say
how many staff were used to pro-
tect commuters or what percent-
age of the entire Spoor.net security
operation this represented — "for
strategic reasons".

Asked about persistent commut-
er requests for an alarm or inter-
com system to be installed in
coaches, the spokesman said
that when this was tried in the past
the 'equipment had been vana-
lised "within 72 hours".

Stations were being upgraded to
accommodate police.

Spoor.net confirmed that an 18-
year-old man was arrested at Salt
River station yesterday minutes
after throwing a bottle at and pull-
ing a knife on a ticket controller.

They also confirmed witnesses' accounts that a violent scuffle took
place.
Transnet released its maiden annual report this week almost seven months after the end of its financial year. Despite the recession and loss of more traffic to road transport, as a group it showed a net operating profit of R515m, of which R500m was paid as a dividend to its owner, the State.

Transnet, however, showed an estimated R1bn tax loss for the year due largely to contributing to the R17bn deficit in the pension fund inherited from SA Transport Services, which it replaced in April 1990.

Transnet spokesman Vic de Vries says no laws were broken in delaying the report. The State, Transnet’s sole shareholder, was informed that the figures would be available only at the beginning of November, an annual general meeting was held, and permission was obtained for a deferral from the Registrar of Companies

The fact that Sats’ final report saw the light of day about a year after it ceased to exist no doubt contributed to the delay. Back in April, Transnet MD Anton Modlman said he expected to release the annual figures in June. That turned out to be wishful thinking.

There are several reasons — including different bookkeeping styles — for not being able to compare Sats’ final results (a R149m profit in fiscal 1990) with Transnet’s maiden results.

☐ Sats was a government-run entity designed to placate parliament. Transnet must conform with private-sector norms and placate the Receiver of Revenue,

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BUSINESS & TECHNOLOGY

☐ Transnet does not have to shoulder the burden of operating rail commuter services, which lost R1bn in fiscal 1990 and cost Sats R143m. That task now falls to the Rail Commuter Corp., where losses are made good by the State, which uses its dividends from Transnet to make up the shortfall.

☐ Transnet Ltd, the holding company, has the transport divisions that Sats also controlled, as well as new subsidiaries such as its wholly owned Viamax Logistics and a 28% stake in Alfred County Railways. Sats sold Alfred County because it couldn’t run it profitably. Transnet bought it into it because of its potential, and

☐ Transnet has been quick to learn, like other conglomerates in the private sector, not to divulge how its operating arms performed in the year under review. This makes it impossible to compare them with fiscal 1990. During that year, SA Airways showed a profit of R187.8m, Railways, now Spoornet, made a profit of R575m (allowing for the R88m loss on mainline passenger services), Road Transport Services, now Autonet, lost R25m, Harbours, now Portnet, showed a R750m profit, and Pipelines, now Petronet, whose the report says is the only transport division that showed growth, weighed in with a R337.8m profit.
SAFREN

Justified euphoria?

**Activities:** Shipping, transport and (through Kersaf) gaming and other leisure related industries

**Control:** Old Mutual holds more than 40%

**Chairman:** G A MacMillan, chief executive D A Hewton

**Capital structure:** 53,7m o/rds Market capitalisation R4,44m

**Share market:** Price R82 Yields 2.9% on dividend, 6.8% on earnings, p/e ratio, 14.5, cover, 2.4 12-month high, R82.25, low, R33.75 Trading volume last quarter, 572 701

**Year to June 30**

<table>
<thead>
<tr>
<th></th>
<th>88</th>
<th>89</th>
<th>90</th>
<th>91</th>
</tr>
</thead>
<tbody>
<tr>
<td>ST debt (Rm)</td>
<td>167.1</td>
<td>34.1</td>
<td>21.5</td>
<td>8.2</td>
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<tr>
<td>LT debt (Rm)</td>
<td>716.4</td>
<td>690.0</td>
<td>732.7</td>
<td>821.8</td>
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<tr>
<td>Debt/equity ratio</td>
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<td>0.23</td>
<td>0.20</td>
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<td>Shareholders' interest</td>
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<td>0.40</td>
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<tr>
<td>Int &amp; leasing cover</td>
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<td>12.1</td>
<td>7.65</td>
<td>n/a</td>
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<tr>
<td>Return on cap (%)</td>
<td>14.2</td>
<td>18.6</td>
<td>17.9</td>
<td>16.8</td>
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<tr>
<td>Turnover (Rm)</td>
<td>2.80</td>
<td>3.66</td>
<td>4.0</td>
<td>4.37</td>
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<tr>
<td>Pre-proft (Rm)</td>
<td>437</td>
<td>643</td>
<td>738</td>
<td>750</td>
</tr>
<tr>
<td>Pre-proft margin (%)</td>
<td>16.8</td>
<td>17.8</td>
<td>18.4</td>
<td>17.2</td>
</tr>
<tr>
<td>Earnings (c)</td>
<td>233</td>
<td>411</td>
<td>487</td>
<td>606</td>
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<tr>
<td>Dividends (c)</td>
<td>135</td>
<td>180</td>
<td>210</td>
<td>237.5</td>
</tr>
<tr>
<td>Net worth (c)</td>
<td>1 165</td>
<td>1 390</td>
<td>1 741</td>
<td>2 128</td>
</tr>
</tbody>
</table>

**There has been a good deal of euphoria about Safren recently.** As the long-term statistics show, much of it is well deserved. But while all appears well, performance in 1991 was not altogether satisfactory.

While turnover of subsidiaries Safmarine and Rennes grew by 7.8% and 1.4% respectively, their operating profits were down. Safmarine's by 11.6% and Rennes' by 8.6%.

It was left to Kersaf, which increased turnover by 15%, to pull group operating profit back to respectability by generating operating profit growth of 20.8%.

Notably, in 1991 there was a 61% increase in depreciation, to R243m, which resulted largely from a revaluation of the Safmarine fleet (Fox September 20). This was one reason for the weaker operating performance.

Group operating profit before depreciation actually rose by 12.1%, but, especially because of the nature of the shipping industry, depreciation is always material in the Safren accounts. From the base year of 1987, Safmarine has increased its operating profit by 178%, Rennes by 254% and Kersaf by 428%.

After-tax profit rose by 19.6%, thanks to a fall in the effective tax rate to 26% (33.2%) flowing from higher investment allowances in Kersaf and nontaxable receipts on the sale of assets by Safmarine. These factors, rather than better trading performance, were mainly responsible for the 16.7% increase in attributable profit.

Despite diminished trading volumes and sluggish trade in liner operations, Safmarine lifted attributable earnings by 21.9% to 137.1m, 45.3% of the group total. L'Isle is still the largest contributor. Again, tax benefits on the sale of assets were the prime reason.

Kersaf kicked in R125.3m, a 17.8% rise in Sun International, its own largest contributor, lifted revenues by 22%. Rennes' freight and travel operations suffered from lower import volumes and the Gulf War, but its contribution was up 12%, to R39m.

Safren is involved in a major capital programme in 1991, R91.1m was spent and a further R1.5bn has been approved for investment, mostly in Safmarine and Kersaf, over the next two years. These funds will be sourced internally and from borrowings. Notable changes in the asset mix over the past
Safmarine
loses UK partner

P&O Containers, the UK shipping line, will split from Safmarine, its partner on the Europe-SA trade route, in 1992.

Safmarine will have to find a new UK partner.

P&O Containers handles Safmarine's interest in the UK from the marketing of shipping services through to port handling. Both lines will remain members of the SA Europe Container Service (SAECS) consortium. It is an arrangement for the sharing of ships and marketing infrastructure among the nine member lines.

The reason for P&O Containers' decision was its acquisition of the Cunard Ellerman Group container-shipping interests in the UK from Trafalgar House. The deal includes 65% of UK-based Ellerman Harrison Container Line, which although part of SA-Europe consortium, carried out its own marketing in SA through Ellerman and Backman.

Primary

P&O Containers' affairs in SA are handled by Safmarine marketing arm Safsink. P&O Containers will now be responsible for its own marketing in SA. A primary reason is thought to be its wish to increase its market share of SAECS.

But P&O Containers (SA) managing director Tony Stearns says the move is merely part of an organisational restructuring in line with its acquisition of Cunard Ellerman's shipping interests.

"We will remain part of SAECS. But because of P&O Containers' acquisition of the Ellerman shipping interests, it is a natural progression for us to put business through our own agency in SA which was acquired as part of the deal."

Both P&O Containers and Safmarine stress that the split is a result of the restructuring in P&O Containers and will not affect the pool arrangement, which will continue to use each other's ships under the SAECS agreement.

Safmarine has several options. It can establish its own agency network in the UK, but this would be costly and difficult because it takes years to build up solid customer relations.

By CIARAN RYAN

Another option is to sell the services of an existing agency network. One possibility being explored is to sell the offices of Belgium's CMB Transport, in which Safmarine has a 49% stake. It was acquired for £34 million in August.

CMB Transport, a division of giant Belgian freight shipping company CEM, is also a member of SAECS. Under the SAECS pool arrangement, consort members book freight on another's ship at pro-rated rates. Revenue is pooled and split according to a formula based on the amount of freight booked and shipped by each member.

Similar

Twelve ships are used in the pool, but the number is set to increase to 14 next year to handle the expected rise in trade to and from Europe.

Two UK lines are represented in the pool - P&O Containers and Ellerman Harrison. But Ellerman has its own marketing since inception.

Mr Stearns says P&O Containers has a similar marketing arrangement in some other countries. The French-owned Compagnie Generale Maritime markets its own services in the consortium in mainland Europe.

The remaining members undertake to use one another's marketing infrastructure in the country of domicile. The SA Association of Freight Forwarders has questioned whether the split between P&O Containers and Safmarine is of any real significance because both are still members of the consortium which, it says, engages in uniform pricing.
SAA regains its short cut over Angola.

ANGOLA has granted SAA full overflight rights, airline CEO Gert van der Veer said at the weekend.

Van der Veer announced Angola's decision at a ceremony at Jan Smuts Airport on Saturday marking the delivery of an Airbus A320, which had just become the first SAA airliner to fly through Angolan airspace in 16 years.

Van der Veer said the overflight rights would allow SAA to cut flying times to Europe and North America by at least an hour.

Angola's approval, given on Thursday, meant Tanzania remained the only African country which had not given full overflight rights to SAA, said Van der Veer.

By flying through Angolan airspace on Saturday morning, the R135m Airbus A320 set a record for the fastest twin-engined flight between Abidjan, in the Ivory Coast, and Johannesburg.

The aircraft touched down at Jan Smuts to the cheers of hundreds of spectators.

Economic Co-ordination and Public Enterprises Minister Dwegie de Villiers was on hand to welcome top SAA and Airbus executives and guests, including SA counterpart Peter Soltos, who disembarked to the sounds of These Magnificent Men In Their Flying Machines. — Sapa.
TERRORISM and its effects on civil aviation will come under the scrutiny of leading African and Indian Ocean airline executives and aviation security officials at a confidential international seminar in Johannesburg today.

The seminar, organised by MIB Aviation Insurance Brokers, will be led by the US-based organisation Air Incident Research (Air), acknowledged as one of the world's leading authorities on aerial terrorism and ways to combat it.

All of the specific issues resulting from hostile acts against civil aviation, including the impact on an airline's viability, are topics discussed. MIB Aviation Insurance Brokers MD Henry Tours said Air had analysed mishap patterns, and had also made vital predictions on future aerial terrorism which airlines should be preparing for.

Civil aviation was constantly under threat worldwide, with more than 800 hostile acts having been directed against civil aircraft in the last decade, he explained.

"Perhaps the most important aspect of the seminar will be Air's recommendations on actions to be taken by the aviation and protective communities, and how they should react in the best interest of their passengers, crews and the airline involved," said Tours.
Boeing and Airbus vie for SAA business

LINDEN BIRNS

The world’s two biggest commercial aircraft manufacturers have sales representatives in SA this week trying to sell new long-range aircraft to SAA.

Representatives from the European consortium Airbus Industrie arrived on Saturday on the delivery flight of SAA’s new Airbus A320, and will hold talks with SAA.

Later this week, US manufacturer Boeing’s Africa sales manager Tom van der Hoven will arrive in Johannesburg and his itinerary is believed to include talks with SAA on possible orders of Boeing 777s.

Last month Airbus’s latest project, the A340 long-range four-engined airliner, successfully completed its maiden flight. Two further test flights were undertaken last week by the prototype — the first of six.

Airbus expects the A340, and its twin-engined sister the A330, to compete directly against Boeing’s 777.

Before the A340 had even flown, 32 customers had placed 122 firm orders and 93 options for the A340 and 155 orders and 100 options for the A330.

Airbus’s A330 and A340 and Boeing’s 777 sell for between $100m and $120m each.

Boeing and Airbus are locked in tight competition globally, and the feeling at both corporate headquarters is that McDonnell Douglas is a spent force.

Airbus recently overtook McDonnell Douglas as number two behind Boeing in terms of commercial airliner production and sales rankings.

In a recent interview, SAA senior GM John Hare confirmed the airline was studying the Boeing 777 and the Airbus A340 as replacements for older Boeing 747s on some medium-volume long-haul routes to secondary destinations such as Vienna and Lebanon.

Boeing’s 777 and the A340 both offer similar non-stop operating ranges with full passenger and cargo loads.

Airbus’s sales pitch to SAA is that its four-engined A340 offers a bigger safety margin on over-water flights than Boeing’s twin-engined aircraft.

Van der Hoven recently told the Seattle Times that SAA might also be a future customer for Boeing’s short-range 110-seater 737-500 as a replacement for its older generation 737-100s and -200s, the oldest of which was delivered in 1979.

The lifting of US sanctions against SA would stimulate sales to SAA and other airlines which wanted to establish routes to SA and other African destinations, such as Japan Air Lines and the UK’s Virgin Atlantic, he said.

Exhibition extends its wingspan at Jan Smuts
Terror a ‘threat’ to SAA and others

SPAIN's national airline Iberia and one of the major US airlines, Northwest, had been listed as the two carriers most likely to come under terrorist attack next year, a leading US-based air terrorism researcher and investigator said yesterday.

SAA was described as “threatened”

The researcher, who asked not to be named for security reasons, was speaking at a seminar in Johannesburg attended by police, security firms, government officials and representatives of SA, Angolan, Mozambican, Kenyan and Malawian airlines.

He said Iberia was the most likely target for attackers because it was the most visible Spanish government interest and an easy target for anti-government groups.

Palestinian and other Middle East fundamentalists opposed to the wave of Spanish-hosted Arab-Israeli peace talks could be expected to attack Iberia at any destination it served, as could Basque separatists who had promised to embarrass the Spanish government next year, he said.

Spain will host the summer Olympics at Barcelona and the World Expo at Seville — both events guaranteed to bring many foreigners to Spain and attract much international attention.

The Basque separatists recently sent French and Italian travel agents a list of its attacks over the past five years. They also stated in a document that they would embarrass the Spanish government, possibly through attacks on Spanish airports or on Iberia aircraft, the researcher added.

A bomb could go off on board aircraft feeding Iberia flights or in an airport baggage hall, he said.

World aviation security agencies had identified Northwest as a high-risk airline because of its profile during the Gulf War.

Contrary to advice from the US State Department, it took full promotional advantage of volunteering its aircraft for emergency airlifting of troops to Saudi Arabia.

“At the height of the war Northwest had posters made showing one of its aircraft, recently renamed Desert Storm, with armed US marines disembarking with US flags hanging from their machine-guns. All this in the very heartland of Islamic fundamentalism,” the researcher added.

He warned travel agents against prominently displaying the logos of either airline, or any other threatened airline.

He quoted several past explosions, including one in Amman, which left five people dead, where bombers had mistaken travel agencies for airline offices.

The Amman bomb was apparently aimed at SAA.

The researcher said the airline industry had faced more attempted attacks this year than ever before. One of its biggest problems was that there was no equipment which could adequately detect small quantities of explosives used by sophisticated bombers to blow-up aircraft, he said.
Increase in plane accidents feared

AIRCRAFT and corporate and private aircraft owners could expect insurance hikes of between 50% and 800% next year, a leading aviation insurance broker said yesterday.

MIB Aviation Insurance MD Henry Tours said the premium increases would be implemented as current industry losses far outweighed premiums both on a global and national level.

This would increase accident rates as operators took maintenance shortcuts and underestimated their aircraft to save money to cover rising fuel and other costs, he said.

"Obviously the increases will be set according to the claims history of an aircraft owner or operator," Tours said. "We expect to find a lot of people who underinsure their aircraft, or who fly without insuring them.

Appalling

"Historically whenever there has been a recession, aircraft operators take shortcuts in maintenance and servicing, resulting in a sharp increase in the number of accidents and write-offs."

In this sector financial losses were not as heavy as in the commercial airline sector, with a loss ratio equivalent to 20% of premiums. However in terms of actual aircraft lost or damaged, the figures for the general aviation sector were appalling, he said.
Crime fight on the right track

WHEN the South African Rail Commuter Corporation inherited the railways in April last year, they inherited a headache. People who had been travelling to work on trains for years had changed to lift clubs, taxis or their own vehicles.

This was due to a dramatic increase in crime and a decline in the quality of rail commuter services.

Crime on trains had slowly increased since the decision in the mid-1980s to incorporate the South African Railways police into the police force which had staff shortages.

The security on trains deteriorated to such an extent that vandalism, theft and intimidation and assault of passengers had become common.

South African Transport Services (Sats) found it impossible to do maintenance as their buildings and trains were vandalised as quickly as they were repaired. Sats also decided to stop investing in infrastructure for commuter transport in an effort to relieve its financial burden on other profitable services.

Against this background, the SA Rail Commuter Corporation came into being on April 1 1999 to take responsibility for providing a quality commuter service.

Three possible options faced the corporation:

1. Maintain the level of services at the time.
2. Commit with a policy of non-investment and allow levels to deteriorate even further.
3. Raise the service level to the earlier acceptable one.

The corporation chose the third option, believing that railways were the most efficient way to transport masses of people during peak hours.

Corporation marketing manager Mr Gous van Niekerk said security was identified as one of the most important issues.

A five-year plan costing R250-million was implemented.

Making train travel safe again

A policy of non-investment in commuter services led to a spiralling of vandalism and crime on trains. Passengers were afraid to travel on them and the number of people on platforms began to diminish. The South African Rail Commuter Corporation has embarked on a programme to make rail travel safe again.

Weekend Argus Reporter DALE KNEEN had a look at new security fences, tightened access control and police charge offices at stations in the Western Cape.

TROUBLE-FREE TRAVEL: Passengers in a commuter train between Khayelitsha and Cape Town are protected by a uniformed policeman. Police men on trains usually wear civilian clothing.
to the earlier acceptable one.

The corporation chose the third option, believing that railways were the most efficient way to transport masses of people during peak hours.

Corporation marketing manager Mr Coen van Niekerk said security was identified as one of the most important issues. A five-year plan costing R250 million was introduced to provide police protection on all metro stations in South Africa. This plan has since been reduced to three years and should be completed by March 31, 1993.

The plan is to provide a police presence 24 hours a day on about 230 of the corporation’s 370 metro stations. The remaining stations will be patrolled regularly.

The upgrading of security at stations includes security fences, tightening access control, improving lighting and the providing police charge offices. This would make it possible for repair and maintenance work to be carried out more successfully.

About R16 million already has been spent at 60 stations and a further R118 million will be spent on 157 stations during the financial year ending March 1993.

A total of 101 stations in the Western Cape have been earmarked for upgrading and improved security. Work has started at 12 stations high on the corporation’s priority list.

Eventually, there will be full policing at 24 hours a day at 60 of the stations in the region to combat theft, vandalism and assault. Police will provide support to combat fare evasion.

Mr Van Niekerk said a full policing service at a station entitled security fencing, security checks, protection of ticket personnel and a police reporting office. Metal detectors were being used on a trial basis in the Transvaal and might be used in the Cape as well.

The following stations already have a full-time police presence: Brackenfell, Krugersdorp, Nooiberge, Mandalay, Mitchell’s Plain, Philippolis, Heideveld, Bonteheuwel, Mutual, Maitland, Blackheath, Parow, Strand, Bellville, Khayelitsha, Nyanga, Langa, Langa, Maitland, Klipfontein, Meltonroose, Tygerberg, Athlone, and Cape Town stations.

Mr Van Niekerk said: “The safe and enjoyable experience it used to be.”

Daily trains in the Western Cape carry 540,000 passengers every working day, 592 trains operate on Sundays and public holidays, and about 294 trains operate at peak times.

SARCC’s security programme appears to be working so far. At a press briefing this week journalists were told there had been a “remarkable drop” in the number of crime incidents in the Western Cape.

In August, September and October last year, there were respectively 124, 58 and 61 incidents. During the same period this year, 65, 43 and 41 crimes were reported to police—a 40 percent drop.

Although there were fewer crimes on trains, passengers still were reluctant to travel because of what Mr Van Niekerk described as a “terror psychosis.” Commuters had been deserting trains in favour of other transport at a rate of 10 percent a month for the past six months.

The main impact of the swing had been on the Reef, which had been hit by a series of train massacres this year.

Mr Van Niekerk said: “This year we believed these killings had been orchestrated to discredit the corporation because it was ‘part of the establishment’.

It was also possible the taxi industry played a part in rail violence—a factor commuters believed to be true. Women travelling between Khayelitsha and the city this week claimed drivers intimidated them to take taxis.

“We buy weekly bus tickets, but the taxi drivers threaten us with violence and force us to take taxis even if we tell them we do not have money to pay for the trip,” said a woman who did not want to be identified.

Cape Town district commissioner of police, Brigadier Flip Delport, said one permanent member of the police and at least six police assistants (special constabulary) were on stations to provide full-time police protection.

“We have also built satellite charge offices at many stations and they are equipped with a telephone, radio and police vehicle. The charge offices will be identified with a blue light,” said Brigadier Delport.

Police at stations are supported by the police mobile unit, headed by Captain Loekie Jordaan. These 900 are on radio contact with the police’s central radio control and are able to respond to any emergency.

Commuters who were victims of crime on trains were urged to contact the police toll-free number: 080 1224 224, or the SAC’s number: 080 021 0001. All information would be investigated and treated confidentially.
Fewer people now use trains

COMMUTERS have been deserting trains in favour of other forms of transport at a rate of 10 percent a month for the past six months, a Spoornet spokesman said at the weekend.

Mr Coen van Niekerk, marketing manager of the SA Rail Commuter Corporation, said this during a tour of upgraded security arrangements at Cape Flats stations. He said crime on trains and stations in Western Cape over the past three months was a "remarkable" 40 percent down on last year.

Van Niekerk said the decline of 10 percent a month in passengers was a national figure, which represented a "heck of a lot" of passengers.

The corporation believed the swing was primarily as a result of "the fear psychosis - that people are scared to travel by train."

The main impact of the swing was on the Reef - which has been hit this year by a series of train massacres.

He said that as the figures were based on a simple head count, it was not possible to determine whether the decline affected first or third class numbers more.

Policing

But if first class passengers were significantly affected, this would have a direct bearing on the corporation's operating results.

The security programme in the Western Cape aimed at having full policing 24 hours a day at 68 of the 101 stations in the region and patrols at others.

This programme, which included improved lighting and access control, was originally scheduled for completion within five years, but had been accelerated to a three-year programme, for completion by March 1993.

"We want to bring the message home that you are safer on the train than on the street."

Van Niekerk said the corporation believed that train killings on the Reef had been orchestrated and staged to discredit them.

If one plotted the killings on a timescale against incidents such as the signing of the National Peace Accord, "one cannot draw the conclusion that there could be an orchestrated scheme to discredit us - because we are part of the establishment and, by destabilising us, you are destabilising the normal order."

Sopa
PUBLIC SECTOR - TRANSPORT - GENERAL

1991 - DEC.
Hangover for commuters

RAIL commuters going back to work after the holidays will be greeted by fare increases of 15 percent from January 1.

This was announced by the chairman of the South African Rail Commuter Corporation, Dr EL Grove, who said the increases were necessary to keep up with inflation and to improve cost-coverage.

Even after the increase on January 1 the fare paid by the commuter would still constitute only 27 percent of the cost of providing rail commuter transport.

“Metro fares are, despite the increase, still lower than that of other modes of passenger transport – in some instances as much as 50 percent cheaper,” said Grove.

“The increase means that commuters will have to pay more, but they will be able to save a substantial amount by buying season tickets instead of single tickets,”

After the price increase, commuters buying third-class season tickets will pay R55 cents a trip over an average distance of 30 km. This is less than half the price of R1.20 of a third-class single ticket before the increase.”

He added that after the increase the price of a first-class season ticket would be R1.82 a trip over the same distance – still 98 cents cheaper than the present price of R2.80 for a first-class single ticket.

“The increase in fares coincides with the South African Rail Commuter Corporation’s extensive initiatives to offer commuters better value for money.”
Metro fares up

FARES on SA Rail Commuter Corporation’s Metro services will increase by 15% from January 1.
The increase is needed to keep up with inflation and to improve cost coverage, says chairman Bart Grove.

Policing

"Fares paid by commuters will still constitute only 27% of the cost of providing the service."
Dr Grove says Metro fares will be cheaper than other forms of transport — up to 50% in some cases.

The corporation will spend

more than R250-million in the period to March 1993 to secure stations for efficient policing.

Another R10-million is being spent in the current year on improving passenger facilities on stations and trains.

The security programme has been speeded up and all 370 stations where Metro services are provided should be secure by March 1993, says Dr Grove.

The Commuter Corporation says passengers can make big savings by buying season tickets.
Price cutter fights on against SAA

INDUSTRIAL CHARTER COMPANY: Air Supply is to fight SAA's objections to cheap flights to the rest of Africa and the Indian Ocean Islands.

The National Transport Commission has upheld SAA's objection to Air Supply's proposal to use a Malawi-registered airliner for the charter flights, which could be 40% to 50% cheaper than scheduled ones.

Air Supply director Bradley Ansell says a new application will be submitted tomorrow.

"We believe the objection was upheld on a technicality." SAA's objection was made two weeks after the Transport Department introduced a new policy allowing charter flights to countries already serviced by scheduled services provided fares did not exceed scheduled ones.

Air Supply, which has operated cargo charter services to many African countries for five years, wanted to use the Malawian ATR-42 to countries where SAA-registered aircraft might have difficulty.

Dr Ansell said package tours to Indian Ocean Islands by charter could be offered at about 80% of current air fares.
Rail fares to rise by 20% a year

DAVE LOUIEENS

THE SA Rail Commuter Corporation's plans to increase train fares by more than 20% a year until 1996 are an attempt to reduce substantially its subsidy from the Transport Department, at present worth R1bn a year. \[2|2|2|2|2\]

Corporation chairman Bart Grové said on Friday fares would increase by 15% from January 1 and then 10% increases would be imposed twice yearly until 1996.

The aim was to increase to 40% the proportion of the corporation's budget paid by passenger fares, currently 26% of the R1,4bn budget. This follows Transport Minister Piet Welgemoed's instructions to reduce dependence on subsidies.

Grové said the latest increase would serve a three-fold purpose. It would keep pace with inflation, improve the corporation's cost coverage and the additional revenue generated could be used to improve the service offered to commuters.

A problem confronting the corporation had been fare evasion. This had cost it about R80m a year. Improved security measures should see a sharp reduction.

Grové said the corporation would be able to reduce its expenditure in real terms and, although passengers would pay more, they would get more.

"The increase in fares coincides with the SA Rail Commuter Corporation's extensive initiatives to offer commuters better..."
FARES on Metro train services are to be increased by 15 percent from January 1 1992, the chairman of the board of the South African Rail Commuter Corporation, Dr EL Grove, has announced.

"The increase is necessary to keep abreast and to improve cost-coverag."

"Even after the increase on January 1 1992, the fare paid by the commuter will still constitute only 27 percent of the cost of providing rail commuter transport," he said on Friday.

Justifying the increase, Grove said it coincided with the corporation's extensive initiatives to offer commuters better value for money.

This included improved security at stations and on trains and attempts to upgrade commuter facilities.

"Stations are being safeguarded in priority order by intensifying access control, erecting safety fences, improving lighting, keeping stations clean and dry, painting buildings, and maintaining more extensive police surveillance," he said.

He said the current security programme has been accelerated from five to three years. Therefore, some 250 of the 370 stations where Metro services are rendered, will be properly secured for fulltime policing while the remaining 120 stations will be secured for effective police patrolling in March 31 1993.

He said a total of R250 million would be used to secure stations until the end of March 1993. About R18 million is currently being spent to improve passenger facilities.

Grove said the increase meant commuters would have to pay more, but would be able to save a lot by buying season tickets instead of single tickets.

A weekly trip to Johannesburg from Naledi, Soweto, in third class will cost R8.80, a monthly R34.50 and a single trip R1.80; from Krugerdorp it will cost R9.50 for a weekly, R37.50 for a monthly and R2.10 a trip; from Kempton Park a weekly will be R2.40, a monthly R35 and a single trip R1.80.

Pretoria residents will pay R13 for a weekly ticket, R90 for a monthly and R4.10 for a single trip.
Metropolitan train fares to go up 15pc

By Thabo Leshiho

The South African Rail Commuter Corporation will increase fares by 15 percent on all its Metropolitan services on January 1, the SARCC announced at the weekend.

Speaking to reporters in Johannesburg, chairman of the SARCC board of directors Dr Bart Groot, said on Friday the increase in fares was necessary to keep abreast of inflation, help cover costs and improve the rail commuter service.

The penalty for riding without a ticket will be increased from R2 to R5 over and above the cost of a ticket in order to curb the yearly million loss of revenue because of the practice.

The new fare hike follows a 10 percent increase in April. It also coincides with the SARCC programme to improve the security situation at stations and to upgrade commuter facilities.

Examples of the new fares:
- Naledi to Johannesburg, first class — single R4,10, weekly R31, monthly R115; third class — single R1,90, weekly R8,90, monthly R34,50.
- Dube to Johannesburg, first class — single R2,80, weekly R22,50, monthly R84; third class — single R1,20, weekly R7,10, monthly R27,50.
- Krugersdorp to Johannesburg, first class — single R4,70, weekly R35, monthly R125; third class — single R2,10, R9,50, R37,50.
- Pretoria to Johannesburg, first class — single R9,40; weekly R58, monthly R213; third class — single R4,10, weekly R13, monthly R99.
Sabta may take over Sandton bus service

BLACK taxi organisation Sabta might take over the running of Sandton’s municipal bus service when the local authority cancels its contract with a private company in June.

A Sandton Town Council meeting decided last week that the agreement with Comuta Services should be cancelled because the bus service was uneconomical and under-utilised.

The meeting had also been told that “excessive tariffs” paid by the bus service’s commuters may have been responsible for the lack of support it was receiving.

The council decided to investigate whether Sabta could provide a regular minibus service within the municipal boundaries of Sandton.

The council will also investigate whether the Johannesburg Transport Department will consider extending its proposed bus routes in Sandton to cover a wider area.

Council spokesman Dalem van Wyk said yesterday the council was investigating an offer from Sabta, but this was among other options open to it.

It would be clear by next April what passenger transport service was acceptable to Sandton.

Sabta national media manager Panyana Shubu said the taxi organisation had been running a taxi service between the Johannesburg CBD and Sandton for the past eight months.

Sabta was talking to Sandton and the route agreed upon would be handled by drivers trained through its Project Spear training system. “There will be tighter security on this route, with two trained guards manning each taxi,” Shubu added.

Pik pays tribute to Info-busting Katzin

THE funeral of top investigative reporter and Sunday Star assistant editor Kitt Katzin — who died yesterday of cancer — will be held tomorrow.

Colleagues — and Foreign Minister Pik Botha — paid tribute to the man responsible for leading the exposure of the Info scandal which brought down John Vorster’s government.

Sunday Express editor at the time of the scandal, Rex Gibson, said four qualities particularly distinguished Katzin. “There were his unflagging enthusiasm, his doggedness, his total commitment to the notion that the public had to be told the truth, and his courage.”

“I worked with him during the momentous days of the Info scandal. His life and family were threatened as he probed the biggest political scandal of the decade. Not one word he ever wrote about the Info episode has ever been seriously challenged. For a consummate professional, there can be no higher tribute.”

Botha said that despite differences the two agreed on fundamental issues, such as the moral necessity to remove racially discriminatory legislation.

He described Katzin as “always dynamic, imaginative and resourceful”.

SA Union of Journalists president Sven Lünsche said Katzin had set an example to journalists through his commitment to pursuing the truth.

The union’s bestowal earlier this year of its Pringle Award on Katzin was a great tribute, as it had been made by his colleagues.

Head of the Rand Daily Mail investigative team into the “Info” scandal, Chris Day, said Katzin had inspired all journalists.

See Page 8
New liner service

SA trade links with Russia and Europe will receive a major boost next year following an announcement yesterday that a Russian shipping company will call on SA ports next year.

Rennes Ships Agency MD Fred Payne said the Baltic Shipping Company of St Petersburg had announced the start of a liner service between ports in the UK, western Europe and SA as well as a service between Durban and Australia.
Rand Airport triggers related development

MAJOR development is planned around Germiston Lake, Rand Airport and Germiston Golf Course; and private sector developers look forward to calls for a batch of tenders from early next year.

The city councils of Germiston and Johannesburg are putting their heads together to develop a concept that will make the most of the potential of the area.

Germiston town clerk Tone Heyneke says "No other undervalued area in South Africa has so much going for it."

Progress

Management committee chairman Leon Louw says "We have made good progress in developing the concept and expect to be able to start talking to private developers from about January."

Incorporating an airport, the largest lake on the Witwatersrand and a major section of the recreational strip running through Germiston, the area is a stone's throw from Gosforth Park race track and the Olympic-quality Herman Immelman Stadium.

It is also close to one of the largest industrial areas in SA, is a matter of minutes from Jan Smuts Airport and has unparalleled access to the freeway network serving the East Rand.

"The concept developed out of Johannesburg City Council's decision to develop Rand Airport, which is the busiest in SA."

"It soon became clear the airport couldn't be seen in isolation and" Germiston council representatives were invited to join the committees," says Heyneke.

In addition to upgrading Rand Airport and developing space to accommodate service industries, the committee is considering the development of two new hotel developments, an entertainment-orientated retail development on the shores of the lake and an upmarket residential complex around the golf course.

"It doesn't make sense for businessmen flying into Rand Airport to have to travel into the Johannesburg CBD for hotel accommodation, especially as many of them come to visit the East Rand," says Heyneke.

"We already have a Formula One hotel, which has proved successful. Now we would like to develop a second such hotel, as well as a three-to-five star operation."

Quality

The proposal is for a Formula One hotel on the underdeveloped north side of the lake, while the better quality hotel, incorporating a conference centre, would be to the south, between the established resort area and the golf course.

These facilities will be used by a wide range of people, from sportsmen to visiting businessmen.

At the same time, the committee is looking into the prospects for the phased development of apartments on the northwest bank, between the lake and the golf course.

There is also potential to extend the resort function of the area, possibly with the introduction of an upmarket gymnasium and sports club."

Louw says he would like to see some retail development along similar lines as Fisherman's Village at Bruma Lake.

"Our development plans are intended to enhance the lake, while realising its full potential, but we are committed to keeping most of the land around the lake public open space," Heyneke says.

"We have yacht, fishing and motor boat clubs operating on the lake and the picnic spots, restaurants, putt putt course and miniature train make this one of the most popular resorts on the East Rand."
Traders arrive on new Kenyan flight

DAVE LOURENS

The first Kenya Airways flight to SA landed at Jan Smuts yesterday afternoon, bringing a contingent of leading Kenyan businessmen planning to establish trade links.

Yesterday's flight marked the inauguration of a regular Nairobi-Johannesburg service, which will consist of twice-weekly Kenya Airways flights and a weekly SAA flight.

SAA CEO Gert van der Veer said the two national airlines would profit from a route which had previously been exploited by third parties.

"This is an African cake and it is time we got our slice," he said.

Due to political differences the route had been serviced by European airlines, but after an appropriate notification period, their traffic rights would be rescinded.

"We do not have those rights in Europe, so I think it is only fair that the two national airlines should now exploit the route to the benefit of the airlines and their passengers," said Van der Veer.

Van der Veer is the leader of the business delegation, the Kenya National Chamber of Commerce and Industry chairman Francis Macharia, said: "We need to import agricultural supplies, especially fertilizers, pharmaceutical products and spare parts for machinery and motor vehicles. We hope to export coffee, tea and pyrethrum."
Kenya Airways in first touchdown

History was made this week when the first direct flight from Kenya touched down at Jan Smuts Airport for the first time ever.

Most of the Kenyan nationals aboard the Kenya Airways aircraft, which took 3hr 45min to reach South Africa, were businessmen on a mission to open up trade links.

Addressing guests and passengers gathered at the Jan Smuts Airport’s semi-VIP room on Wednesday afternoon, the airline’s marketing general manager, Ms Patricia Adala, said the flight was about “co-operation, friendship and understanding.”

She said they were grateful to be in South Africa and appreciated the agreement between the South African and Kenyan governments in terms of which airlines can operate between the two countries.

She said they were prepared to operate direct flights about a year ago but could not because the world was not ready for it.

“This flight is not about airlines but about people.” Adala said they would be operating two flights a week.

A South African Airways spokesman, Mr GD van der Veer, said there should have been flights between the two countries 28 years ago but this was impossible due to political differences.

“Today is significant because two airlines will now exploit possibilities for the benefit of passengers.”

Leading a delegation of 20 businessmen, national chairman of the Kenya National Chamber of Commerce, Mr Francis Machari, said they were happy to be here, particularly in Johannesburg.

He said their mission was to make contacts with businessmen and establish stronger trade links with South African business.

“Our mandate is very clear - we want to establish balanced trade links. We are from a Third World country and we are here to identify areas of contact.”

A bird’s eye view of some of the Kenyan nationals who were aboard the historic Kenya Airways’ first flight to South Africa on Wednesday. Some of the passengers returned home two hours later when the plane flew back to Kenya. Others will be staying here until Monday.
15% hike in city bus fares soon

Municipal Reporter

CITY TRAMWAYS is to raise its bus fares by an average of 15% from next Sunday, December 15. General Manager Mr. Frans Mayoss said the last general adjustment to fares had been on August 12 last year, although upward and downward adjustments were made later that year in accordance with fuel-price fluctuations.

He said the consumer-price index for the past year was around 16.6%, but inflation in the bus industry had run at 21%. Thus the increases were "much less" than the industry-specific inflation rate.

City Tramways has 800 buses on which it moves nearly 250,000 commuters daily.

Clipcards bought before December 15 will continue to be valid until December 29. Pensioners' concessionary clipcards will remain valid for 60 days.

The increase means that the cash fare from Mowbray to Cape Town will rise from 96c to R1.10 and the cash fare from Khayelitsha to Claremont will rise from R3.30 to R3.90.
Mobile courts hit the road

Johannesburg — Vehicle overloading cases have been the exclusive work to date of the first established mobile court set up next to the Sybrand van Niekerk highway near Tokoza.

Shortly after the court was officially opened by Justice Minister Mr Kobie Coetsee, the first charge of overloading was heard.

Another two overloading charges were subsequently laid against two motorists on the same day.

Heavy penalties have been introduced for this offence as South Africa's road networks have been badly damaged by overloaded vehicles.

In all, three cases handled by the mobile court, a R300 fine was imposed, alternatively, 180 days' imprisonment suspended for four years.

Although the court was closed on Monday, it opened again for hearings from Tuesday for 24 hours daily.

The mobile courts — busses converted into courtrooms and flanked by a caravan for a public defender — were introduced to deal speedily with traffic offences, unrest-related incidents, plea proceedings, bail and postponements.

"The public should see these courts not as a point of persecution but as a facility to let people know the law is here to protect the individual and the community," Mr Coetsee said.
Airlines rate tops for service quality

PAUL ASH

In terms of quality of service, airlines rate tops among white consumers while at the bottom of the list of a recent Marknor survey on how consumers rate the service industries are municipalities and car repair garages.

A Gallup Poll carried out among 1000 adults in major metropolitan areas in June 1991 showed that 66% of respondents rated the quality of service received from airlines as high or very high with 33% noting an improvement over the past three years.

Banks came second with 55% of those polled rating their services highly, and notching up a 37% improvement score. Hotels got a 48% rating.

The survey reflected difficulties experienced by services such as hospitals, Marknor's Peter Scott-Wilson said.

"Health care services are having problems and cutbacks at hospitals are evidence of this," he said.

"Only 24% of those polled felt hospital services improved and about 47% did not see any change at all in the quality of care over the year.

In the Marknor group's newsletter, senior researcher Gisele Kacener said: "SA companies have long been criticised for delivering poor quality service to an uncomplaining public."

Surveys of this sort should be food for thought for corporate executives, she said.
R270m outlay on food containers

WILLIAM GILFILLAN

ABOUT R270m is to be spent on 8,000 refrigerated containers to carry perishable foods between SA and Europe by the Southern Africa Europe Container Service (SAECS), a consortium of national shipping lines.

Making the announcement, outgoing SAECS chairman Rupert Brennbecke, MD of Deutsche Afrika-Linien, also said Safmarine director Howard Boyd would take his place as chairman next year. Julian Beuys, of P & O Containers in the UK, had been appointed to take over from outgoing CEO Peter Butland, of Safmarine.

In October SAECS announced the current consortium agreement, signed in 1974, would be renewed for 10 years from January. Only one of the current participating member lines, Navale Delmas International (NDI), of France, had decided not to remain a member. Its representative in SA, Ronnie Frick, said NDI was unhappy with the share of trade that it had been allocated.

Each line was given a share according to the cargo generated in its native country.

The member lines of the renewed SAECS, to be known as SAECS 2, are CMB Transport (Belgium), Compagnie Generale Maritime (France), Deutsche Afrika-Linien (Germany), Ellerman Harrison Container Line (Britain), Lloyd Triestino (Italy), Nedlloyd Lijn (Holland), P & O Containers (Britain) and SA's Safmarine.
Charter fight policy criticised

By John Miller

Overseas tour operators have questioned SAA and the Government’s expressed desire to increase tourism after various six-month charter contracts were rejected.

MD of SA Delight, Matthew Flint, said that along with Monarch Airlines they had applied for a six-month charter licence which was turned down by the National Transport Commission after objections from SAA. Instead the companies were granted nine flights during December and January.

"This number does not make it economically viable and we were forced to cancel the charter flights."

He said that in fairness to SAA, the airline had helped by making about 1,000 seats available to those clients who had already paid for their holidays.

Mr Flint said charter operations could go a long way to boosting tourism in South Africa. "In Orlando in the US last year 80,000 passengers arrived on scheduled flights and more than 70,000 on charter flights."

A spokesman for Nordavia, a German charter company, said their request for 26 flights was rejected and instead only 10 were granted. This, he said, meant that it was not cost-effective.

When the Department of Civil Aviation was asked why it refused to grant any six-month charter licences a spokesman said "We do not have to give any reasons." The spokesman also would not confirm or deny SAA's role in their decision.

Rupert Lawlor, vice-president of the Association of South African Travel Agents, said "the interim aviation policy and future policy had to be clarified. Is the policy going to be an aviation policy or will SAA continue to dictate the basic policy?"

Mr Lawlor also believed that a six-month charter licence would serve the country better. It would allow the hotel industry to increase its occupancy figures during off-peak periods.

A spokesman for SAA, Zelds Roux, confirmed that the charter applications were opposed, but said it was in keeping with the recently gazetted interim aviation policy, which allowed for objections.

One of the reasons for the objections, she said, was that charter operations were interested only in peak periods and when they were assured of passengers.
Safair and Ancom in deal

SAFAIR is expected to expand into the light, corporate and helicopter market through a partial buyout of Ancom Aviation (Anjet). Contracts are to be signed today.

Ancom was suspended on the JSE earlier this year. Sandton-based General Equity Securities (GES) Holdings is Ancom's holding company. GES launched a recapitalisation campaign for Ancom in September. However, an industry source said this had failed as only about R2m was raised through the sale of minority shares in Ancom.

A source close to Safair, which is part of the Safren group, said the buyout would enable Safair to expand its maintenance capabilities to include piston-engined, turbo-prop and jet aircraft and helicopters.

It is not known how much Safair will pay for Ancom. Safair will acquire Ancom's hangars and workshops at Lanseria and Rand airports. It is not known whether Safair will take over Ancom's debts, or any of its other interests. Ancom's unaudited balance sheet on February 28 1992 showed the company was heavily over-borrowed.

In its most recent trading year, Ancom made a net profit of R528 003 and realised earnings per share of 2.6c — a turnaround on the R4.1m net loss and a share-earnings loss of 39.4c a share in 1990. No dividends have been issued since 1987.

GES MD and Ancom director Steve Venter could not be reached for comment on the deal yesterday.
SAA invited to share ideas

LINDÉN BIRNS

SAA has been selected by the US's second-largest commercial aircraft manufacturer McDonnell Douglas as one of 20 essential international airlines whose input is needed to complete the design and launch of the company's newest tri-jet airliner, the MD-12.

Last week SAA engineer Peter Cutchley and representatives of 19 other airlines attended MD-12 design briefings at McDonnell Douglas's head office in Long Beach, California.

According to the manufacturer's Africa and UK commercial-marketing director Ronald Howell, who is visiting SAA and other local airlines this week, the representatives were asked to supply McDonnell with design requirements and to suggest improvements on the basic design concept for the new aircraft.

In October the McDonnell board gave permission to the company to start marketing the MD-12 as a replacement to Boeing 747-200s, most of which will have ended their design lives by the late 1990s.

Howell said the aircraft would go into production if McDonnell Douglas could secure orders from at least one "trend-setting" airline from the US, Europe and Asia.

Cutchley and the other airlines' representatives are to return to Long Beach early next year where they will review and analyse the results of their suggestions.
Fuel shortage shuts down Soviet airports

MOSCOW — A critical fuel shortage forced the closure yesterday of more than half of all Soviet airports and the cancellation of most domestic flights of the state Aeroflot airline, Tass reported.

The Soviet news agency said 92 airports were closed and another 38 were on the verge of closing. It said there were no flights from Ukraine, the Caucasus Mountains, the Far East or the republic of Kazakhstan. Affected were major, medium-size and small airports.

"No information is yet available as to when any form of normal services can be resumed," Tass said in its brief report on the situation.

The duty navigation officer at the Soviet Union’s central air traffic control directorate said "a lot" of airports were closed. He had no other information.

Tass said the closure of 92 airports amounted to "more than half of all the airports."

The collapse of the central economy and the cutting of old economic ties have left many parts of the crumbling union without adequate supplies of fuel, electricity and even food. But jet fuel has been among the hardest-hit commodities.

Earlier this week, hungry and exhausted passengers stormed an Aeroflot aircraft and ordered its crew to operate a flight which had been delayed for hours. "People exhausted from more than 24 hours of waiting, unable to get anything to eat or obtain information in the terminal, refused to leave the aircraft," Tass said of Monday’s incident at Yekaterinburg in the Urals.

It said authorities eventually agreed to allow the TU-154 aircraft to leave for Simferopol in Ukraine’s Crimea region. — Sapa-AP-Reuters.
Not with the programme

SA AIRWAYS

SA's liberalisation of international air traffic is not yet a month old but already SA Airways has twice violated the spirit of the new policy. Despite government's plan to free air routes, SAA is still trying to shoulder all opposition out of the way (Business & Technology, November 29).

Last month SAA successfully opposed an application by a private company, Air Supply, to operate year-round charter flights between Johannesburg and the Indian Ocean islands.

Then last week, on the arrival of its maiden flight to Johannesburg, Kenya Airways made it clear that the airline and SAA would not allow other airlines to carry passengers or freight between Nairobi and Johannesburg after March 31. That decision leaves out British Airways, which stops in Nairobi three times a week on its flights between Johannesburg and London. The airline will probably demand its right of a year's notice, says its SA manager, Malcolm Freeman.

The first hint of the hardline approach came at the welcoming ceremony at Jan Smuts airport. "For 28 years other people who had no right on this route have exploited it," said Kenya Airways marketing GM Patricia Adala. "Today we say, the party is over. This market belongs to us and no amount of aggressive marketing will stop the two national airlines from exploiting it."

She delivered the punchline three hours later when she told a radio interviewer that all other airlines would be barred from the route in four months.

SAA spokeswoman Zelda Roux says other airlines will be allowed to land at Nairobi to refuel but will not be able to pick up passengers. The same situation exists in the SAA flight to Tel Aviv through Zurich: the aircraft stops to let off passengers and refuel but may not pick up passengers bound for Israel. SAA resumed flying to Kenya a year ago after a 27-year absence. During these years, other airlines filled the gap— and BA, Olympic and KLM still do.

Now that Kenya Airways has returned to the route, "we will go to the British, Greek and Dutch governments, with Kenya Airways, and ask them to stop their flights," Roux says. "We haven't done anything yet. It can take some time but, normally, once we put our case, the flights end."

However, the SA government has bilateral agreements with all three governments. These allow the flights to remain very much in force. Says Freeman: "BA will demand the year's notice it is entitled to under our bilateral agreement. We have been flying the Johannesburg-Nairobi route for more than 25 years and won't let it go just like that."
SAA and Kenya Airways aiming to shut out three

SAA and Kenya Airways are to ask the British, Dutch and Greek governments to stop their airlines picking up passengers in Nairobi while en route to Johannesburg. They also want a ban on people being ferried to Nairobi on the return journey.

The move comes almost a month after SA implemented a deregulated international air services policy, encouraging non-protective competition between airlines flying the SA route.

It also comes in the wake of a Kenya Airways decision to exercise its bilateral rights on the route between Nairobi and Johannesburg in terms of the agreement signed with SAA in 1990.

Last week Kenya Airways began operating the route, a year after SAA resumed services to Nairobi.

SAA spokesman Zelda Roux said yesterday that British Airways, Olympic Airways and KLM Royal Dutch Airlines had been notified that the passenger traffic rights on the route were now exclusively held by SAA and Kenya Airways.

The three European airlines use Nairobi as a refuelling point and have until now taken on and dropped off passengers during the stopover.

One industry spokesman said that SAA's tactics meant it was "not levelling the playing field, but bulldozing all the competition off it."

But Roux said SAA was in favour of a "qualified liberalisation" of routes.

Earlier this year, SAA CEO Gert van der Veur told a Cape Town conference that European airlines were trying to get a maximum foothold in world markets and that this was to the detriment of SAA and other southern African carriers.

He said airline rights to pick up and carry passengers between two points not in the airline's home country should be allowed only in special circumstances.

"It is therefore SAA's view that only one carrier should be designated per country to operate on each route," he added.

KLM recently announced that from early next year, its flights to SA would be non-stop. In October, Swissair began non-stop flights between Zurich and Johannesburg.

Austrian Airlines has a refuelling stop at Nairobi, but does not have any rights to pick up Johannesburg-bound passengers in Nairobi or vice versa.

Roux said that from April 1, with the exception of SAA and Kenya Airways, no airlines would be allowed to pick up passengers who wanted to fly between Johannesburg and Nairobi.

BA's GM for SA, Malcolm Freeman told the Financial Mail this week that the airline would demand a year's notice of the new Nairobi policy in terms of the bilateral agreement between SAA and BA.

SA and British governments are set to renegotiate the current bilateral air services agreement next year.
Optimism as Air Canada prepares to open SA office

AIR CANADA is to open an office in Johannesburg in March, and the resumption of air links between Canada and South Africa may not be far behind.

Air Canada general manager for Africa Tony Clegg-Butte said further significant developments were in the planning stages to "further cement the relationship between Air Canada and SAA".

While Air Canada does not plan to operate a service between Canada and South Africa at this time, he says, "we would encourage SAA to perhaps extend their New York service to Toronto".

An SAA spokesman would only comment that

MANDY JEAN WOODS

"we are talking to everyone and looking at all possibilities".

Air Canada closed its office in SA in 1984 for economic reasons and ceased to be represented locally in 1987 due to political considerations.

For the past six months, Mr Clegg-Butte said, Air Canada, in cooperation with SAA, had been promoting a super-premium fare from South Africa to Canada.

"This has stimulated the market and will be available throughout 1992," he said.

In excess of 120 000 South Africans have emigrated to Canada over the past decade and this "visiting friends and relatives" traffic combined with business traffic (which should show further growth as sanctions are relaxed) means there is a very lucrative market waiting to be tapped by the national airlines of the two countries.

"The support we received from the South African travel industry during our time away has been much appreciated," Mr Clegg-Butte said.

"Our own confidence in this market is borne out by the opening up of our own office, not just appointing a general sales agent to handle our business."
Satour sets sights on conference market

LONDON — The South African Tourism Board will be targeting the lucrative conference and incentive travel sectors when it exhibits for the first time at the International Conflex in London from February 25-27.

"Recent changes in the South African political climate have meant that South Africa is now the destination of the 1990s for conference and incentive travel," said a statement issued by Satour's London office.

International Conflex will be held at London's giant Olympia complex where Satour and other South African exhibitors were strong attractions at the World Travel Fair last month.

"In South Africa, conference delegates can stay at top-class hotels with excellent service, gourmet food and wine and enjoy pursuits such as game viewing, watersports, golf, big game fishing or even balloon- ing or helicopter rides, all in easy reach," said Satour tourism promotion officer Dee McDonald. — Sapa
Container delays ‘weeks not days’

COMMERCE and industry yesterday complained bitterly over delays in the delivery of containerised goods by Spoornet.

Reacting to a Business Day report of union unrest delaying deliveries, numerous Johannesburg business people telephoned to complain that two-week delays were being experienced and not half a day as stated by Spoornet.

M D Lighting director Bernard Benson claimed businesses were “hamstrung”, particularly over the Christmas period, by problems at the Kaserne depot near Johannesburg.

He said Spoornet seemed to have a problem over which it had no control.

“Spoornet management have used the excuse of labour problems on a number of occasions in the past. We have even volunteered to collect our own goods, but authorities at the depot have sometimes been unable to locate these items,” Benson said.

A Wynberg-based wholesaler, who did not wish to be identified, said delays in receiving containers from the depot were clearly evident.

Containers with perishable goods went missing for some time and had taken more than two weeks to trace.

The company said Kaserne authorities had recently requested them to fetch their own goods.

Several other callers, requesting anonymity, said delays of up to three weeks had been experienced in some instances.

One caller, a buyer for a large food chain, said some perishable goods had “arrived in poor condition”, despite numerous requests to Spoornet to expedite their delivery.

However, Spoornet yesterday again denied allegations that the delay at the Kaserne múm-freight (FX) depot was more than half a day.

Spoornet spokesman Hubert van Teiginge said late yesterday afternoon that an agreement “which was acceptable to both parties” had been reached between Spoornet management and the SA Railways and Harbours Workers’ Union (Sarhwa).

A Sarhwa spokesman said yesterday union officials met management in a bid to resolve the issue. He was unable to confirm that the parties had reached agreement.

Black Transport Workers’ Union (Blatu) president Dan Phiri said the union — after consultation with its legal advisors — signed a document committing workers to refrain from any violence or intimidation.

However, members would return to work only once management had reached the same agreement with Sarhwa. By yesterday morning, the parties were still deadlocked on the signing of the document, Phiri said.

The dispute arose early last week after Sarhwa members evicted Blatu members from the plant. Subsequent violence between the two trade unions left one worker dead and several injured.
Rocked but still rolling

Spoornet boasts that it has the most advanced rail system in Africa but once its modernisation and improvement programme is completed it will be on a par with the best in the world. It is even — but only just — beginning to think imaginatively in the financial sphere.

Spoornet is looking well into the next century and planning to compete with ultrafast trains against airlines for passengers and freight. The company has the technology to operate such exciting vehicles. One of the three prototypes of its new generation Class 14E locomotive has pulled trains at 130 km/h. In 1985, when it was still part of SA Transport Services (Sats), and known as SA Railways, it operated a commuter train, the Metro Blitz, between Johannesburg and Pretoria at up to 160 km/h.

The was ahead of its time and simply jumped the list of services scrapped because they didn’t pay. No real effort was made to market the Metro Blitz properly nor make it profitable — or even to find out why it wasn’t paying.

Now Spoornet has appointed a committee of high-speed railwaymen under the chairmanship of Wicus Pretorius to look at operating trains to travel at up to 400 km/h and taking less than three hours between Johannesburg and Durban. At that speed it would take 42 km to stop the train.

Pretorius admits “We’re just talking. At this stage ultrafast trains are still a dream.” But a workable, though rough, framework has been created. The service will be for passengers and light freight, passengers will travel in double-deck air-conditioned coaches. It will compete with air travel and air freight in the same way that the TGV (train de grande vitesse) rail system in France competes with internal air services.

A lot of in-depth and detailed investigation into traffic volumes still needs to be done but, if all goes well, a feasibility study could be under way in 1995 and the service operational by 2010. Thinking is that the service would be operated by eight to 10 trains, which means it would be possible to have one departing every hour from each terminus.

For a more comfortable, safer ride at those speeds, track width would be 1 435 mm — as used in Europe, Japan and the US — not the 1 067 mm in SA. So a completely new track would be needed.

“Spoornet will not be able to tackle a project of this magnitude on its own,” says Pretorius. “It will cost US$4bn in today’s money just to build the track. The private sector will have to become involved — which means investors must be offered attractive dividends.”

Pretorius believes the service would be able to compete more than favourably with the air service between Johannesburg and Durban “Airlines fly the distance in 50 minutes but, when one adds the time it takes to travel to and from the airports, as well as the waiting at the airports, it actually takes three-and-a-half hours.”

The present rail route to Durban will probably not be considered because of its twisting and turns and hills in Natal. This means that a lot of ground would have to be expropriated — an extremely costly exercise. A line following a more benign route, with fewer mountains to drill through and easier river crossings, can be chosen — but it would probably be just as costly. It would be longer.

more ground would have to be expropriated and it would have more curves. Maximum speed would be achieved for only short periods. Meanwhile, the rolling stock division has a R350m procurement budget which is in use to build longer, safer trains that carry more, travel faster and cost less to operate.

At times, such as on the Richards Bay coal line, where loaded trains go downhill all the way, braking power is more important than traction. The Class 11E locomotives used on that line were designed to cope with that problem. But rather than buying or building more Class 11Es, R50m is being spent on increasing the braking effort of Class 7E locomotives. These have become Spoornet’s workhorses and it has a plentiful supply.

The rolling stock division is involved in other projects — annual cost is expected to run to R60m — designed to lengthen trains, increase the carrying capacity of wagons and allow all trains to run faster. These include:

- Vacuum brakes, which limit speed, carrying capacity and lengths of trains, are being replaced by much more efficient air brakes. This means that Spoornet’s fleet of 5E locomotives will be replaced by 10Es. Fewer will be needed because they are more powerful;
- Old-fashioned bogies are being replaced with Schefferi high-speed, high-stability, cross-anchored bogeys.

Yet while all seems well technically, perhaps Spoornet would truly be equipped for the next century if it garnered the skills to make it fly financially. Projects like a bullet train between Johannesburg and Durban need more than vague notions that the private sector can help. Private-sector involvement in railway operations has to start long before well-publicised and glamorous projects in order for them to be properly evaluated. In the first place Spoornet should consider this option very carefully indeed if it doesn’t want to run out of steam.
British Airways in deal with Flitestar

BRITISH Airways yesterday became the first airline to recognise SA's newest domestic airline, Flitestar, internationally. It has agreed to issue tickets for Flitestar and represent it on computer reservations systems in 80 countries.

The agreement comes into effect on January 1 when Flitestar's schedule and tariff details will be made available throughout BA's global computer reservation network and also on the Galileo network being brought on stream. SAA has a similar agreement with BA.

BA's southern Africa GM, Malcolm Freeman said the airline had already experienced a demand from SA-bound passengers to book onward flights from Johannesburg on Flitestar.

"With a slight alteration to its morning departure schedule, Flitestar stands to take as much as 28% of the 4 000 passengers BA flies into SA every week onto its domestic flights," said Freeman. Of the passengers Flitestar currently carries, only about 1% originate from abroad.

Flitestar MD, Jan Blake said the airline would be announcing departure schedule changes "possibly in January, but definitely by the end of March".

Freeman said SAA had always been BA's biggest interline partner in SA, but it was time to share the business.

Blake said Flitestar would also be signing an interline agreement — similar to the one with BA — with Swissair next year.
Insurance

bid for train

commuters

The SA Railway Commuter Corporation is exploring the possibility of facilitating an insurance scheme for train commuters in the light of the rampant train violence. SARCC marketing manager Coen van Niekerk said yesterday:

Although it was unclear how the scheme would work, commuters could decide whether to take out the insurance.

The idea comes at a time when there is mounting concern that commuters should be compensated if they are injured or killed on railway property.

According to a lawyer, the SARCC is not liable for compensation because it is not responsible for the attacks.

An extensive campaign is to be launched next year to urge the Government, the SARCC and the business community to seek ways of compensating victims. — Staff Reporter.
SAA flying high as it regains its routes to world

BY ROGER MAKINGS

THE lifting of the ban on SAA's landing rights in Australia means the airline has regained all the routes it had 28 years ago.

Three major breakthroughs came this year:

● In June SAA was given permission to overfly Africa to Europe, a right withdrawn in 1963.

● In October the US approved the resumption of flights to New York, having banned them in 1996.

● This week Australia announced that non-stop reciprocal weekly flights between the two countries would begin on January 18.

SAA has acquired other destinations in Africa it did not have before.

SAA expected the flights to begin early this month, but Australia is dragging, probably to allow its national carrier, Qantas, to capture a final Christmas rush via Harare before the resumption of two-way direct flights next month.

Senior SAA jumbo pilot Captain Koos Vermaak said the flight to Sydney, leaving Jan Smuts at 12.50pm on Saturday and with an early-morning, one-hour refueling stop in Perth, would take about 13 hours, arriving around midafternoon Sunday.

"To Sydney we fly the great circle track south taking advantage of the strong tailwinds. On the return leg, we fly the northern route track near the Equator to reduce strong headwinds."

"The return flight normally takes more than 15 hours, excluding the stop at Perth, and is flown mainly in daylight, arriving at 10pm on Sundays."

"The out-bound flight is flown mainly in the dark, leaving Jan Smuts at 12.50pm on Saturdays."

Captain Vermaak said that winds played a major factor in the choice of routes.

"We can't fly a straight line between the two countries because; at altitude, winds reach up to 200 knots (365km/h) and these are reduced by flying further north."

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Road safety a losing battle in townships

VUYO BAYUMA Staff Reporter

THE lack of traffic law enforcement officers and poor pedestrian facilities contribute vastly to road accidents in the townships, says senior National Road Safety Council officer Mr TB Nohiya.

The situation was compounded by mushrooming squatter camps along the N2 freeway near Khayelitsha, he said in an interview.

To counter the problem, Mr Nohiya runs road safety classes at schools where he helps to set up scholar patrols. But he believes he is fighting a losing battle unless traffic officers are employed to enforce the law.

Only Khayelitsha has a traffic officer, Mr Graham Bell.

From January to August, the Cape Town traffic department reported 181 road accidents in Langa, which resulted in five deaths, and 362 in Guguletu in which 10 people died.

In Khayelitsha from May to August there were 407 accidents, resulting in 22 deaths, according to police.

Mr Nohiya said there was no provision for pedestrian crossings along the N2 for squatter camp residents.

"The squatters do not have an infrastructure in their camps. As a result they cross the N2 more often to fetch water or buy food."

"In some cases children going to school cross the dangerous N2 on their own. Most of the people do not have experience of fast cars and some are knocked down," he said.

Others who "dine with death" were wood collectors from the squatter camps who crossed the N2 carrying bundles of firewood.

"Pedestrians were not careful when they crossed the roads because they expected drivers to take avoiding measures."

"This is not always possible when cars travel at high speed. To complicate matters, some drivers do not have licences and others drive under the influence of liquor."

Mr Nohiya said the authorities should provide pedestrian crossings from the squatter camps who crossed the N2 carrying bundles of firewood.

"For example, hundreds of people from Tambo Square in Guguletu are to be relocated in Manenberg opposite the railway line. But there's no provision for them to cross the dangerous road."

Recently, the Home Affairs offices were moved from Nyanga to D F Malan industrial area but there were no facilities for the pedestrians from the townships to cross the N2. Langa and Guguletu each has one set of robots while Nyanga has none.
Coal mines support green efforts

THEO RAWANA

A DELEGATION led by the Civic Association of Southern Transvaal is to meet Transport Minister Piet Welgemoed in Cape Town on Friday to discuss the 15% increase in rail fares.

The SA Rail Commuter Corporation announced the 15% increase last month and set January 1 as its implementation date.

Cast, together with Cosatu, Azapo, the Soweto Daily Passengers Committee and the Transport and General Workers Union (TGWU) met SARCC officials in Johannesburg last Friday to discuss the fare increases, Cast transport chief Dumisani Daniels said yesterday.

The delegation wants the increase to be suspended.

Daniels said SARCC GM (Metro Services) JF Meyer informed him yesterday that Welgemoed had invited a delegation to meet him in Cape Town on Friday to discuss the issue.

"The restructuring of the transport policy should go along with the overall economic policy — this has not been followed," he said.

Stokvels at Bank workshop

THE SA Reserve Bank will convene a workshop on the regulation of informal savings institutions next month to which all interested parties, including the National Stokvels Association of SA (Nasasa), have been invited.

Lukhile said the Reserve Bank indicated last year that it was committed to stabilising and promoting stokvels.

Van Greunen said the informal savings clubs had a large potential to provide effective

in drawing together and documenting comprehensive information required for the compilation of an environmental management programme report, the newsletter said.

Such a report summarises all data relating to a proposed prospecting or mining project, detailing information required to satisfy various authorities that the developer has fulfilled its environmental responsibilities, including those contemplated in the new Minerals Act, which is expected to come into operation early next year.

A feature of the new Act is its requirement that all mines and prospecting projects in future have to submit a formal rehabilitation plan before authorisation to commence mining or prospecting is granted.

Previously, this requirement applied only to certain open cast mines.

The report not only describes the potentially negative environmental effects that are expected in all phases of the project, but also how these effects may be monitored, managed, controlled or rehabilitated.

War toys

LOS ANGELES — War toys test selling Christmas this year, despite growing tests from anti-war groups.

Cashing in on the Gulf factors have been flooded...
ADEQUATE shipping services are to be provided to handle SA's exports and imports on a regular basis at market-related freight rates.

Safmarine announced yesterday that a "new memorandum of understanding" has been entered into between the SA government and several international and national shipping lines collectively known as the Europe Southern Africa Conference. This will serve to renew the Ocean Freight Agreement between the parties — set to expire on 31 December 1991.

In return the SA government has agreed to continue its support of the conference by offering cargoes for carriage at competitive freight rates. The present Ocean Freight Agreement was entered into 15 years ago at a time when trading conditions were becoming extremely difficult.

A Safmarine spokesman said the agreement would not have any legal force, but rather a "gentleman's agreement.

The agreement, scheduled for five years, is subject to an annual review.
SAA prepares for touchdown in Tokyo

SAA hoped to extend scheduled flights to Japan next year and was negotiating "slot times" at Tokyo's busy Narita airport, chief spokesman Leon Els said at the weekend.

Other destinations envisaged for 1992 include Cairo and the Angolan capital, Luanda. The feasibility of these routes had been assessed and SAA was eager to start the services as soon as possible, Els said.

Egyptian Air recently completed a series of charter flights. SAA and Angola had granted SAA landing rights.

Els said negotiations for direct flights to these countries had not started, but the latest developments were positive.

He said there were no indications when flights to Japan would begin, but initial talks had started.

SAA flies to 16 destinations in 16 countries and flights to Australia will start on January 18.

Sufficient aircraft and crew were available to handle new destinations, without reducing the existing flight routes, Els said.
Bid fails to prevent train fare rise

RAIL fares are set to go up by 15% this week after Transport Minister Piet Welgemeed turned down appeals for the increase to be suspended.

Rail authorities and affected parties had urgent talks on Friday, during which the Minister said if the increase did not go ahead on January 1 the already deteriorating rail service would collapse completely.

One of the participants at the talks, CIVICS Association of Southern Transvaal (Cast) vice-president Kgabiso Mosunkutu, said yesterday the meeting had produced a "mixed outcome".

The parties agreed to set up a broad-based conference towards the end of January to examine tariffs and other issues including security on trains.

He said his organisation was still hopeful government would put the fare increases on hold until the conference was held.

The conference would look at the restructuring of the entire railway commuter transport system.

The bread crumb facing the transport industry would be discussed at a second conference in March.

The SA Railway Commuter Corporation and the Transport and General Workers Union also attended Friday’s meeting.

Mosunkutu said Cast opposed the implementation of the increases as the decision to push up rail fares was taken "unilaterally, without consultation with relevant organisations, including the civics and the trade union movement".

He emphasised the process of community consultation was key in ensuring the rail service was rescued.

SAPA reports Cast said while Welgemeed acknowledged the need for consultation with local communities about upgrading rail facilities he did not concede the principle of consultation about fare increases.
SA offered cheap
Australian flights

LINDEN BIRNS

VIN of Australia's biggest domestic airlines, Ansett, is offering discount fares of up to 55% to South Africans travelling within Australia and to New Zealand.

"Ansett has devised the discount fares as a special offer following last week's announcement by SAA and Australia's international airline Qantas that direct flights between Johannesburg, Perth and Sydney, by both airlines, would resume on January 18.

"SA last flew to Australia in 1987 before it was stripped of landing rights there.

The resumption of services between the two countries coincides with the 1992 World Cup cricket tournament in which SA is competing.

Several travel firms are offering special cricket package deals from SA.
Suddenly sky's the limit for SAA

By Philip Zoio

One of the last steps to unrestricted air travel for South Africans — the direct flight to Australia — is due to commence on January 18.

And Tokyo is next on the list of future SAA destinations, with negotiations with Japanese authorities already in progress.

Flights to key destinations are now more direct, cost-effective and convenient.

Few air travellers would reflect on the old, circuitous routes without some annoyance.

A trip to Australia, for example, has presented two inconvenient options since October 1987.

A passenger could fly SAA to Harare and then fly directly to Australia with the national airline, Qantas. But this could involve a lengthy wait for the connecting flight.

The cheapest alternative is to fly with SAA to Mauritius, then to Australia via Singapore. The disadvantage is again the possibility of a lengthy wait between flights, and the tendency of flights from South Africa to Mauritius to be heavily booked.

Until early last month, flights to North America had to go via Europe, at extra cost.

And SAA flights to Europe itself took a detour around the bulge of Africa, instead of flying directly over the continent.

But, one by one, African countries on the overland air route have opened their air space to SAA.

In June, SAA secured the right to fly across the Bulge of Africa — over Ivory Coast, Mali, Mauritania and Morocco — cutting flight time to Europe by about an hour.

A month later SAA successfully negotiated an overland air passage over central and east Africa, knocking another hour off flights.

US restrictions were the next to topple, and despite angry reaction from US anti-apartheid activists, direct SAA flights to New York resumed last month.

Moscow was not untouched by the changes. SAA picked up 70 members of the city's State Circus early this month and brought them to SA on a special flight.

Time will tell whether the convenience of direct air travel will be matched by the benefits of lower prices and greater choice of carrier.