SERVICES SECTOR ACCOM, LIQUOR, AND CATERING – GENERAL

1988

MARCH – DEC

MEANWHILE, ON THE CAPE FLATS...

Taverners' chief Sam fulfils boyhood dream

Cape Times 19/3/88 288

SAM TUNTUBELE: The first black to buy a freehold Western Cape house.

THE first 200 freehold plot and plans are up for sale at Tembani, a new R10 million upmarket black housing development scheme, opposite Mandalay and next to Khayelitsha.

Businessman and president of the Western Province Tavern-er's Association, Sam Tuntubele, who has bought a four-bedroomed R150 000 home at Tembani, is the first black to officially buy a freehold house in the Western Cape.

For Sam a dream has become a reality: since he was a schoolboy living in a shanty in Bakvlei, Retreat it wanted his own home.

Faircape Homes, which has sold the first of the properties, predicts the rest will be taken up within two months.

"Research has shown blacks want their own Constantia," said Hans Moser, director of Faircape. "The only reason they would have considered living in Constantia was to own a decent home."

Houses are available from R50 000 for first-time homeowners to R200 000 "or whatever a buyer wants". Architects Meirelles Lawson have drawn up a selection of plans for various sizes and buyers can have a double ploit.

Emphasis has been placed not only on aesthetics and the designs of houses but also on the infrastructure and layout of the suburb enabling children to play safely.

A shopping centre with cinemas, a disco and entertainment centre, a selection of shops and doctors and dentists rooms is planned.

Sections of the development have also been marked for general facilities such as a creche, sportsfield and school as prospective residents will more than likely want a high quality education for their children and have some say over the standard of education.

Faircape hopes to start the development of the school early next year.

The first houses will probably be ready in September and the last will be handed over to buyers by March next year. The shopping centre and a service station should also be operating by then.

☐ Sam, who formed the Masikhule Marketing and Development company with five other directors six months ago, said: "White men have got the money and the muscle to buy land but one day we will be able to invest in our own developments."

His company was formed to act as a bridge between white and black businessmen. "We want to arrange for black subcontractors to work on housing development schemes such as these," he said.

Sam has recognized another need in the marketplace where blacks and whites can work together. Already he has stepped in and taken action by delivering South African Breweries' liquor to stores stores and taverns in the townships.

Whether it's bread, milk or groceries that are being tranported into the townships, these manufacturing companies run the risk of their vans being stoned or burned.

"We plan to approach these companies and ask them if we can handle the transportation of their goods into the townships," he said.

Before Sam became involved in these business activities, as chairman of the Western Cape Taverner's Association, he worked hard at legalizing shebeens.

— Anne Baron

BUSINESS SCENE

Taverns are a booming business

THE taverners in the townships and rural areas have come a long way, as Mr Lucky Michaels, president of the National Taverners Association will tell you.

The industry has survived special police squads established to stop the activities of this — once labelled "illegal" — business activity. The entrepreneurs in this business refused point blank to stop, for the simple reason that they were providing a necessary service demanded by the market.

It is a well known fact in business that those who should go into business should be people who want to serve and are able to sell.

As long as a business activity is based on the service or product wanted and needed by the community, then that business is there to stay.

Today taverns are booming and legal businesses for those that have the know-how to *run them*.

Do not think that a tavern in the township is a shebeen with undesirable levels of thuggery, with ragged furniture and customers drinking *out of shapeless cups*.

Those days are gone — gulping down that drink with eyes focused on the door in case of a raid by the squad.

Taverns are modern bars *cum* restaurants *cum* meeting places for township personalities. They are places catering for people of good taste and culture.

A tavern patron says, "If I want to meet people and friends, or I want to entertain a friend I take him to one of the taverns in the township. The *service is good, the music* is fine and the place is great. Why go into town and incur all that unnecessary inconvenience, when we have good places close to our homes?"

However, for the tavern owner this means that the informality of running a shebeen is over. To maintain his market and ensure long term existence, he must play the game the correct way.

A restaurant owner states that the taverners have a *captive market, in* that they serve the local residents.

"However, I do not believe that this will remain an advantage forever. As their localised market becomes more sophisticated, demanding and mobile, it will be the owner and manager of a better quality restaurant or tavern that will survive."

The taverners are still subject to certain regulations.

The regulations specify the nature of facilities the tavern must provide at his premises for the taverner to be licensed. There are Liquor Act regulations requiring certain compulsory record keeping.

THIS week Sandile Mbili, lecturer and consultant at the Centre for Developing Business, Wits Business School discusses business creation programmes for start-up businesses.

Besides these and other regulations, the ***taverner*** **still has to run a business.**

Though a business owner, the taverner is also the buyer, the catering man, the record keeper, the public relations officer, the personnel manager — he is everything.

To maintain an edge over competition, he has to strike a balance among the variety of hats he wears.

There are a variety of management courses run by various organisations that taverners can attend to upgrade their managerial skills, and hone their expertise in running their operations as formalised businesses.

Taverns, however, are a specialised kind of business with special problems, according to one taverner. "They require a management and administration course designed to help them face the challenges from day to day.

Taverns are a significant part of township life, and are sound businesses employing people and involving large amounts of capital. An industry like that needs support to develop its management and manpower to ensure sustained growth and efficiency of service to customers.

Do you share this view? If you do, telephone us or write to us at the address given below.

We can be contacted at (011) 643-3241, between 09h00 and 16h00 from Monday to Friday. Letters should be directed to

Tavern Management Course

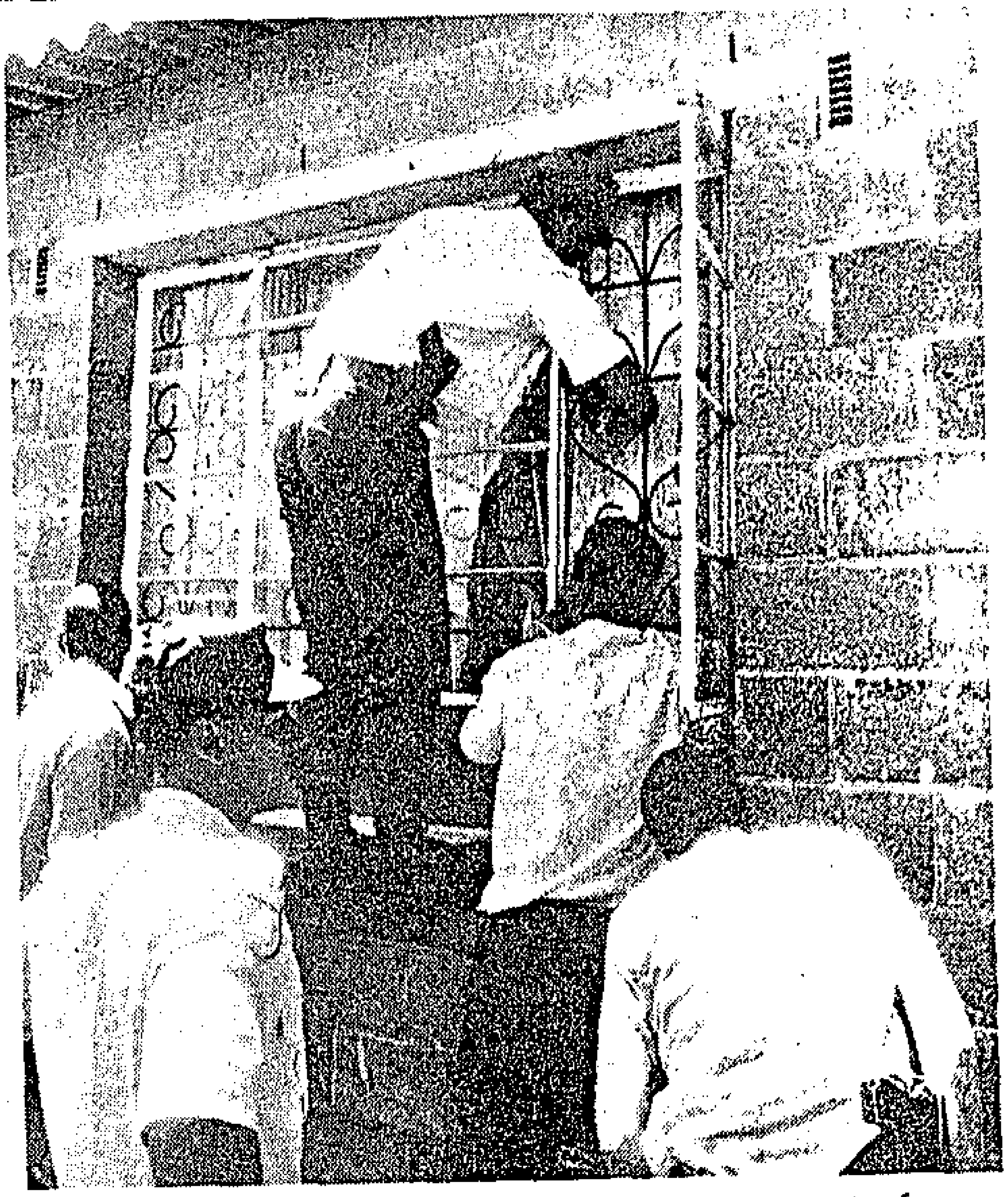
Centre for Developing Business

PO Box 98

Wits

2050

...and Anne-Britt Kristiansen.



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

Shebeeners rat on each other as police move in

M645 11/11/88

By STEPHEN WROTTESLEY
Crime Reporter

SHEBEEN clients' worst enemies are not the police, but other shebeeners.

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

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

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

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

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

Police singled out shebeens as prime trouble-spots.

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

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

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

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

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

WARNING SHOTS

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

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

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

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

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

As sharp-shooters took up positions, police moved in on suspect houses — only to find the most important one unoccupied.

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

Bumper season!

Cape Times 5/1/88

By RENEE MOODIE

CAPE TOWN seems set to record its best holiday season ever, as tourists flocked to the city, filling hotels, boosting local business and causing severe traffic congestion at beaches and tourist spots.

Tourism experts said yesterday that the influx of over 200 000 holidaymakers from South Africa and overseas — and a 25% increase in bed occupancy rates at hotels compared to last year — had shown that planning was necessary to cope with similar numbers in the future.

Mr John Robert, managing director of the Cape Tourism Authority (Captour), said yesterday that the season had seen "many more people than most of us can remember in Cape Town for the month of December".

No statistics were available as the season was still in progress.

While Capetonians might be happy at the amount spent by holidaymakers — and the feedback from business was that "everybody made money" — the city may have learnt a lesson from the bumper amount of visitors.

"You can't put more and more people in the city without making plans to manage them," Mr Robert said, citing the example of parking problems and long queues at the cableway station.

He also noted that while thousands of people had visited the revived Coon Carnival, no provision had been made to provide refreshments for visitors — even by hotels and restaurants in the city centre.

"I believe this year has shown the importance of the entire tourism infrastructure — we should get together and discuss the problems," he said.

He estimated at least 200 000 holidaymakers had flocked to the city, but said this number had been swelled to 500 000 by hordes of visitors from towns in the hinterland.

Mr Brian Bowman, chairman of the Federated Hotel Association of South Africa (Fedhasa), said Cape Town had proved itself to be the "premier internal destination" for tourists.

"There were a lot of people, but there was enough room for everyone. Bed occupancy rates were 25% up on last year," he said, adding that while the season might have been the best ever in terms of numbers of visitors, it had not been the best season financially.

"Inflation meant that hotels were still not able to profit fully from the influx of visitors," he said.

The biggest improvement had been for restaurants, which had reaped the benefits of keeping prices below the inflation rate.

There had been a greater number of overseas tourists, as well as many more holidaymakers from other parts of the country, he said.

The city's traffic manager, Mr Wouter Smit, said extra staff had been used to cope with congested holiday areas.

He said he would be willing to discuss plans for the future with Mr Robert, saying that his department had also noticed an extremely high demand for the cableway, with people queueing for up to four hours.

Two large supermarket chains said the Christmas period had been far better than last year, with one saying that sales in the Western Cape were 30% up on last year — the best increase nationally.

Mr Jack Kloppers, director of civic amenities for the City Council, said council facilities had been heavily used with very large crowds on the beaches.

He said the main problem appeared to have been littering and traffic congestion on roads leading to and from beaches.

Heerengracht to become offices

288
B/day 6/1/88

Top Cape hotel is set for closure

CHRIS CAIRNCROSS

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

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

The Heerengracht's closure seems set to cause a major confrontation between the city council and the owners of the building — Sanlam-controlled Trust Bank, which plans to convert the hotel into an office block.

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

The Protea Hotel group, which has held the management contract for the hotel has offered to lease the premises, less the banqueting floors.

It is understood this offer has been rejected.

It is not certain the city council will rule in favour of allowing Trust Bank to go ahead with its plans to convert the building to office and parking space — plans likely to cost about R14m.

The hotel is an important tourist facility, which the city council hopes to retain.

Sanlam has also withdrawn an offer to purchase the block from its subsidiary.

Sanlam, it seems, has backed off in order to distance itself from any controversy over the tower block's future.

It is understood this decision was taken after intervention by Sanlam chairman Fred du Plessis, who could not be reached for comment yesterday.

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

Beaches issue: hoteliers to discuss action to be taken

DURBAN — Beachfront hoteliers here are to meet next week to discuss what action they will take following the chronic overcrowding on the beaches during the festive season.

Most hoteliers have always been in favour of pay-beaches and following the invitation by Durban's Mayor Henry Klotz for private enterprise to come forward with plans and ideas, it is felt they may join forces to approach the council on this issue.

Pay beaches already have the support of the Durban Publicity Association and the Durban Metropolitan Chamber of Commerce who feel the venture will help solve the overcrowding problems.

The Durban chairman of Fedhasa, Mr Alan Gooderson, said the livelihood of the hotel industry depended on white poeple.

"Our business still constitutes about 80 per cent white occupation — without them we would become non-viable operations," he said.

"The beaches are our main asset and we are very concerned when we hear people saying they are never coming back and when we see bookings being cancelled and people leaving early."

Mr Gooderson said Fedhasa had always been in favour of pay beaches.

"I am quite sure that the hotels will be interested in ensuring that there is some control in future."

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7/1/88

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New year good cheer for beverage and hotel stocks

B/day

7/1/88

MERVYN HARRIS

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

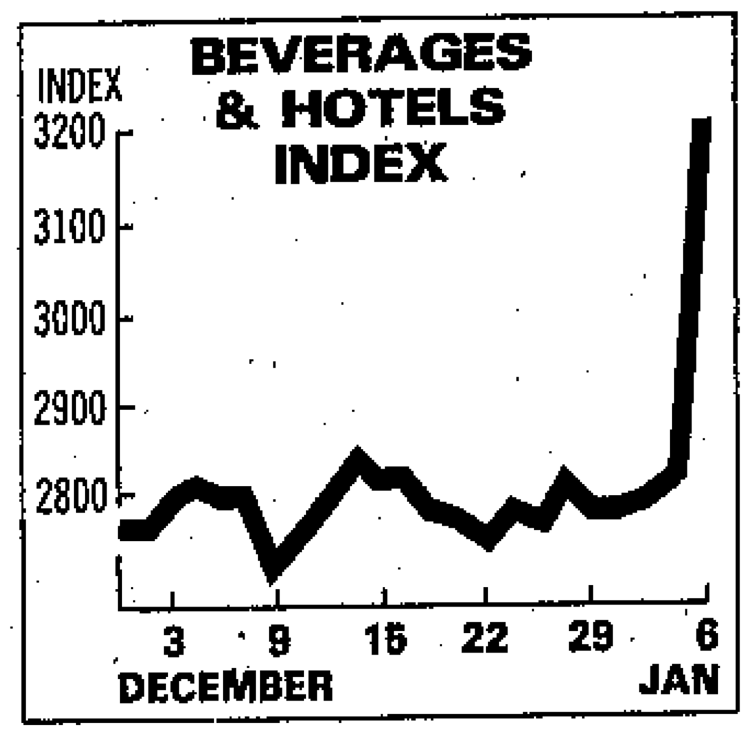
Shares in the sector have featured prominently in the daily list of largest price gainers to lift the index by almost 15% or 407 points to 3 207 in the first three days of trading this year.

The upturn has been led by shares in Sol Kerzner's mushrooming empire, with Kersaf shares shooting up 36,7% (450c) to R16,75 before easing to close at R16,50 yesterday. Average rises of almost 20% were initially registered by the three other shares in the group but, as forecast by analysts, there was selling into strength.

Interleisure, the newcomer to the Kersaf fold, has notched up the biggest rise of 22,8% (40c) to 215c while Sun Bop and Transun — which are expected to report bumper interim earnings — each gained 18,1% in the first two days of trading.

Sun Bop, historically volatile, rose from 550c to a high of 675c before falling back yesterday to 620c. Transun surged 60c to 390c but eased back to 375c.

Hot on their heels has been Suncrush which has jumped almost 20% or R9 to R55, while market



leader SA Breweries (SAB), which forms the biggest component of the index, has chalked up a gain of 10,8% (175c) to R18 and seems set to go higher.

The only share in the sector to go against the firmer trend has been Union Wine which has slipped 10c to 110c. Southern Sun Hotels yesterday advanced 15c to 425c.

After reaching a high of 4 654 points on October 1 last year, the beverage and hotel index slumped to a low of 2 563 towards the end of November. At its current level, the index is on an average dividend yield of 3% and a p:e ratio of just over 15 against the industrial average yield of 3,7% and a p:e of 9,4.

The highly rated sector was expected to rally after the post October slump but the rapid upward move, albeit on small volumes, took many analysts by surprise.

Kersaf shares were considered to have been oversold while demand for SAB suggested institutional interest in quality stocks with good prospects.

Court action looms over Heerengracht closure

Cape Town council will fight for hotel

(288) B/day 7/1/88

CHRIS CAIRNCROSS

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

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

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

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

In the council's view it is implicit in the original agreement — drawn up at the time permission was given for the tower block to be built in the 1960s — that the building should contain a hotel of international standard.

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

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

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

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

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

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

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

Occupancy, income rises for hotels

THEO RAWANA

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

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

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

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

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

Visitors from the UK represented the largest group of foreign tourists staying at hotels (26,2% of the total 86 594). Bed-nights sold to visitors from Germany increased to 18,9%, whereas those from Africa decreased to 11,9%.

Sowetan, 8/1/88

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FM 8/1/88 (288)

HOTEL INDUSTRY

Off-sales off?

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

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

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

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

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

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

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

CAPE TOURISM

A bumper season

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

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

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

An indication of the pick-up in PE tourism is renewed interest in four new hotel sites earmarked by the city council. A few years tourists who don't need to be in the city over the Christmas period can be encouraged to visit during other equally attractive times of the year.

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

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

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

Robert says the city now has to start "planning for tourism."

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

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

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

Indicative of the tourism boom taking place on the southern and eastern Cape coastlines is the announcement of tourism infrastructure development schemes of some R700m earmarked for the next five years.

FM 8/1/88

2-88

Transkei inquiry hears George Matanzima gave instructions

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Funds for hotel group's share-buy 'were moved'

UMTATA — Two-thirds of R3m paid by Sun International to the attorney acting for the vendors of shares in a company which held gambling rights in Transkei was transferred to an account in SA and later distributed in the form of nine cheques, it was stated in evidence here on Monday.

The commission of inquiry into the Works and Energy Department was told the money had been distributed on the instructions of the then-Prime-Minister, George Matanzima.

Among the recipients were Stella Sigcau, who succeeded Matanzima as premier, and other cabinet ministers.

Exclusive

The commission dealt with the granting of exclusive gambling rights to the Wild Coast Sun and its assignees, which in due course became Transun, a subsidiary of Sun International.

According to evidence, Transun held 45% of gambling rights in Transgames (Pty) Ltd — which claimed exclusive rights to slot machines in Transkei except for Mzamba — and sought to buy the remaining 55% of the shares.

An SA official seconded as an officer of the commission, whose name the commission requested not be published, gave evidence on what happened to part of the R3m transferred from Sun International to a trust account in the name of Cape Town attorney David Bloomberg, who was the agent for the holders of the 55% shareholding in Transgames.

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

The witness said R2m was transferred to the account of a Ugie farmer and hotel owner, G J Gouws, in two amounts: R1,5m in December, 1986, and R500 000 last January.

According to information supplied to the witness by Gouws, Bloomberg received verbal instructions to transfer the money from Etablissement Sports et Loisiers (ESL) through David Jack, said to be a director of ESL, who acted for 45% of the Transgames shareholders.

ESL was described by the Transun prospectus as a vendor which would receive more than 1-million Transun shares and more than R2m for its shares in Transgames.

The witness said the evidence showed Jack lived in London and in Lichtenstein.

The witness said that when Gouws was questioned about the transfer of money to his account, he said the first payment had been for his farm, which Matanzima had bought for about R1,4m.

Questioned about the subsequent R500 000 transfer, he said he had been told to await Matanzima's instructions.

The evidence tabled went back to September 1986 when a company called Lexie-Joe (Pty) Ltd proposed a new entertainment centre at Umtata dam.

It would include a casino and an application was made in a Government Gazette for a gambling licence for the site.

Another SA official connected to the commission, whose name the commission also requested not be disclosed, testified that a meeting was subsequently held at a Ugie hotel, attended by Matanzima, Jon Trickey, Hans Enderlie and G J Gouws.

Matanzima tried to sell the casino rights for R2m but only R1m could be raised.

A letter from the chief executive of Sun International, Sol Kerzner, to B Bloomberg, dated December 10, 1986, was tabled.

In the letter, Kerzner — acting on behalf of the Wild Coast Sun, which was then owned by Sun International and the Transkei Development Corporation — acknowledged receipt of Bloomberg's telex in which he confirmed he was acting on behalf of the 55% of shareholders of Transgames.

One of the conditions stipulated by Kerzner for acquiring the shares was that "by no later than December 10, 1986, the Cabinet of the Republic of Transkei shall have granted the Wild Coast Sun (Pty) Ltd and its successors-in-title the right to operate a casino hotel in Umtata together with the exclusive casino rights for the entire Transkei other than the area in which the Wild Coast Sun already enjoys casino exclusivity for a period of 15 years".

A memo to the Cabinet dated December 3, 1986, prepared by the secretary-general of Commerce, recommended that it approve the establishment of a hotel and casino by Sun International and the Transkei Development Corportion as soon as possible.

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

Emphasised

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

The officers of the commission emphasised that this agreement was exactly what the Commerce memo had recommended to the cabinet "not to happen".

Before the commission adjourned for the day, the chairman, G Alexander, SC, asked why money paid by a buyer to a seller should benefit the former PM and others to the tune of R1,5 million.

The officers surmised there had possibly been an agreement between ESL and Matanzima. — Sapa.

Sun International

SUN HOTELS INTERNATIONAL LIMITED ("SI") ANNOUNCEMENT

1 SI owns approximately 53% of Transkei Sun International Limited ("Transun").

2 The attention of SI has been drawn to an article which appeared in Business Day of 12 January 1988 under the heading "Hotel Group 'paid R2m' ". The article states that SI had transferred R2m to the trust account of lawyer David Bloomberg, that Mr Bloomberg had transferred this amount to Mr J G Gouws and that Mr Gouws had distributed the money to various parties in accordance with the verbal instructions of Chief George Matanzima.

3 The facts are:

— Transun has owned 45% of the issued share capital of Transgames (Pty) Limited ("Transgames") since its formation in 1981. Prior to the public flotation of Transun early in 1987, Transun endeavoured to acquire the remaining 55% of Transgames which it did not already own.

— Transgames conducted slot-machine operations at various locations in Transkei and earned a profit

— Pursuant to the agreement, SI acting on behalf of its subsidiary Transun, transferred R3m to Mr Bloomberg.

— For the purposes of disclosure in Transun's Prospectus, Mr Bloomberg at Transun's request informed Transun's professional advisers of the allocation of the consideration between the vendors as follows:

— Establishment Sport et Loisirs of Boite Postale 461, FL-9490 VADUZ: 1 666 667 shares in Transun, R2 037 500 in cash, 72,5% of the slot-machine royalty and 12,5% of the issued shares of Newco; and

— Frederick Salomon Janse van Rensburg of 10 Minetthof, Queenstown, Republic of South Africa: R387 873,14 in cash, 11,08% of the slot-machine royalty and 5,04% of the issued shares of Newco; and

— Vulindlela Mbotoli of PO Box 268, Butterworth, Republic of Transkei: R574 626,86 in cash,

— Transgames conducted slot-machine operations at various locations in Transkei and earned a profit after tax of approximately R1,6m for the year ended 30 June 1986.

— Following negotiations in which the vendors were represented by Mr Bloomberg, an agreement was concluded in terms of which Transun acquired 55% of Transgames for a consideration of R5,5m which was discharged by:

- — a payment of R3m in cash;
- — 1 666 667 shares allotted and issued out of the reserve share capital of Transun, having a value at the issue price of 150 cents per share, of R2,5m
- — a royalty equivalent to 25% of the after-tax profits that may be derived by Transgames from its slot-machine operations intended to be established in Idutywa and Mount Frere, for the period until 31 December 1989; and
- — 25% of the issued shares of a new company ("Newco") to be formed as a subsidiary of Transun which is intended to operate any Transun group casino resort established in the Republic of Transkei outside the original exclusivity area (within a 100 kilometre radius from the Wild Coast Sun resort). The first development planned to be undertaken by Newco is the operation of an hotel and casino resort in Umtata.

— The sum of R5,5m represented an approximate 6,4 price earnings multiple on the historic earnings attributable to the 55% interest in Transgames derived from its existing operations. The effect of the acquisition for the year ended 30 June 1987 was to marginally improve the earnings per share of Transun.

shares of Newco; and

— Vulindlela Mbotoli of PO Box 268, Butterworth, Republic of Transkei: R574 626,86 in cash, 16,42% of the slot-machine royalty and 6,46% of the issued shares of Newco.

— Full details of the transaction were publicly disclosed in Transun's prospectus.

— If indeed, Mr Bloomberg dealt with the R3m remitted to him in a manner which differed from the allocation referred to above, SI and Transun were totally unaware of this. That amount was in fact remitted to Mr Bloomberg for and on behalf of the vendors. At no stage did Mr Bloomberg represent either SI or Transun.

— When asked by the Transkei Government for information regarding the transaction, SI and Transun co-operated fully and in fact provided the Government with a memorandum supported by all relevant documentation giving full details of the transaction.

4 The report in Business Day and reports that have appeared in certain other publications are misleading in that they suggest that SI had been a party to improper payments. Such suggestion is without foundation. The conduct of SI and Transun in regard to the transaction is beyond criticism. SI has requested the Commissioner to allow its representative to give evidence before the Commission. This request has been granted and such representative will be giving evidence as soon as possible.

JOHANNESBURG
12 January 1988

Sun International

Shock claims of money bribes

EAST LONDON. - Senior executives of Sun International flew into Umtata this week amid claims that top Transkei politicians had received large amounts of cash for gambling rights in the homeland.

They were due to appear before a Transkei Commission of Inquiry to rebut allegations of the group's involvement in cash payouts.

Evidence before the commission of inquiry into the Department of Works and Energy was that Sun International paid R3 million to a Cape Town lawyer when they bought out Transgames, a company with gambling rights in Transkei.

Evidence was led that R2 million of the money was subsequently distributed among various senior government officials. R1,4 million was paid for a farm bought by ousted Prime Minister Chief George Matanzima, and R50 000 went to his successor, Miss Stella Sigcau.

The homeland's new military strongman, Major-General Bantu Holomisa, had cited the R50 000 payment as proof that Sigcau was involved in corruption when he overthrew her and seized power just before New Year.

When reports of the allegation became public, Sun immediately swung into gear to clear its name. It held a press conference in Johannesburg, published full page adverts in several newspapers and requested permission to give evidence urgently before the commission to clarify its position.

It also demanded retractions and apologies from newspapers for reports on the allegations.

Yesterday a group of executives including the chief executive, Mr Ian Heron, flew to Umtata to testify after the commission granted their urgent request.

According to Sun, a subsidiary company by the name of Transkei Sun International Limited (Transun), had held 45 percent of the shares in Transgames since its formation.

Transgames operates slot machines in various centres in the Transkei.

Early in 1987, Sun had begun negotiation to buy out the remaining 55 percent. The other shareholders, a gambling company based in Vaduz, Liechtenstein, and an Eastern Cape businessman had been represented by Cape Town lawyer Mr David Bloomberg.

An agreement was reached for the sale, in terms of which Transun would pay R5,5 million for the shares. R3 million would be paid in cash, and the rest would be paid in royalties and shares.

The R3 million cash had been paid to Bloomberg, who had informed Transun of the distribution of the money among the shareholders.

In its advert, Sun said if Bloomberg had distributed the money differently to how he had said, they had been "totally unaware of this".

The commission had earlier been told what happened to the money by a South African official who had been seconded to the commission, and who asked that his name not to be revealed.

He said that R2 million had been transferred from Bloomberg to a Ugie farmer and hotel owner, Mr G J Gouws, who had told the official R1,4 million had been for his farm, which Chief George was buying.

The rest of the money had been distributed among various senior government officials on the instructions of Chief George.

These included Ms Sigcau, the former Minister of Commerce, Mr T T Letlaka and the chairman of the Transkei Agricultural Corporation, Mr Monty Ntloko.

A further R294 000 had been paid to Chief George, who in addition had bought a new Mercedes Benz with the money. - ELNEWS

288 Sowetan 14-20/1/88

D/D 15/1/88

Inquiry to study Sun deal's validity

288

Daily Dispatch Reporter

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

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

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

Sun International's Transkei operation last year showed a turnover of R81,5 million with an operating profit of R35,8 million. Figures in the company's annual report did not reflect what proportion of this came from gambling.

In an interview with a Johannesburg newspaper yesterday, Gen Holomisa referred to documents which had been placed before the inquiry and pointed out a cabinet memorandum drawn up by the Department of Commerce, Industry and Tourism which recommended the prohibition of a monopoly or exclusivity of rights.

This was approved on December 12, 1986, and he said it was in conflict with a later letter and the agreement signed by the then Prime Minister, Chief George Matanzima, which had confirmed the granting of the exclusive rights.

Sun International executives said earlier this week they considered their exclusive gambling rights in Transkei were still legal and binding and not in jeopardy.

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

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

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

Subpoenas were to be served on Mr T. T. Letlaka, Mr M. Lujabe, Mr Kenneth Magidigidi, Mr Dowa Mgudlwa and Dr A. B. L. Pupuma.

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

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

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

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

The former state president, Paramount Chief Kaiser Matanzima, was expected to appear on Tuesday, as were Mr L. Matiwane and Mr John Trickey.

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

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

More reports page 3

CAPC 7/9 PS 15/1/88

16 want licence to sell liquor

Z08

By PETER DENNEHY

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

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

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

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

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

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

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

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

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

One of the prospective off-sales outlets is Shop 70 of the Sanlam Golden Acre in Adderley Street, another is at 45 Bree Street, while the other two are in Salt River, at 134 Foundry Road and 461 Albert Road.

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

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

Liquor union deadlock

20/1/82 Sowetan

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

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

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

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

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

Workers were "very angry" about management's offer of a R12 a week wage increase, he said. — Sapa.

JUICY LUCY 28C

Expansion plans

Juicy Lucy — scheduled to change its name to Pleasure Foods and move from the DCM to the JSE main board on February 8 — will combine the forces of Juicy Lucy, Wimpy, Milky Lane and a chain of pizza outlets in a R130m-turnover group. Management plans to chase new brand names and expand the group's existing chains after the restructuring. A cautionary notice relating to an acquisition was published this week, although no details are available.

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

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

High profit margin

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

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

Assuming the deal goes ahead — a shareholders' meeting is to be held on February 1 — Pleasure Foods will own the Wimpy division, the Juicy Lucy division, a pizza division and the Milky Lane division. With 350 outlets, it will be the country's largest food chain operator. In the past year Juicy Lucy bought the black-orientated BJ's Pantry chain, Peckers' various Snoman outlets and Milly's Carousel in Sea Point, Cape Town. One new BJ Pantry outlet has been opened in Mabopane and two more outlets are on the cards for Bophuthatswana before June.

Pleasure Foods' earnings for the year to end-June 1988 are forecast to be at least 10c a share — 60% more than the 6,1c a share Juicy Lucy achieved for the year to end-May 1987. Juicy Lucy's net asset value increased from 28c to 35c in the past year. The deal will increase it to 167c, of which 40c is attributable to goodwill and trademarks.

But the share is not necessarily cheap. Juicy Lucy's share price gained 45c this week, rising from 130c to 175c, where it stands on a forward p:e of 17,5 — considerably higher than the average 13,2 of the beverages and hotels sector. *Ruth Golembo*

22/1/88 FM

Heerengracht Hotel closes on Sunday

CAPE TIMES 28/1/88 28

Municipal Reporter

THE five-star Heerengracht Hotel, which has been in operation since 1970, is to close down on Sunday.

Legal counsel for the Cape Town municipality and Trust Bank said yesterday that an out-of-court settlement had been reached before the municipality's application for an interdict against the hotel's closure had come to court.

In terms of the Deed of Settlement, the municipality had agreed not to proceed with its application for an interdict.

The now-abandoned interdict had sought to restrain the Trust Bank from ceasing to use the building as a hotel — and from using it for any other purpose.

According to the settlement, the municipality has undertaken to institute another action if it intends to take the matter any further.

The lawyers declined to provide further information yesterday, or to release a copy of the three-page agreement.

However, it is understood that the municipality's legal advisers felt it was useless to proceed with the urgent interdict to stop the hotel from closing.

The best they could hope for was compensation for damages, should the court finds that an agreement had been breached.

It has been learnt that an understanding was entered into between Trust Bank and the municipality in September 1965, requiring a hotel to be operated in a portion of the Trust Bank building for 25 years from the date of the commissioning of the hotel in 1970.

Mention was made in the undertaking of a penalty of R20 a day for each day in the period of the agreement that the building is not used as a hotel.

It is reliably understood that the hotel has been losing far more than R20 a day.

THE HEERENGRACHT 288 FM 29/1/88

Battle lines

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

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

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

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

Closure of the 200-room hotel means the loss of about 250 jobs and retrenchment packages, together with direct and indirect closure costs of about R3m. Refurbishment costs are expected to be around R14m. ■

Argus 29/1/88 (288)

Tears, memories as top city hotel 'checks out'

By KAREN STANDER, Staff Reporter

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

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

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

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

CHOSE WORST JOB

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

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

He said: "At R230 a month it was the worst job I was offered and I came here for all the wrong reasons. But Africa always held a fascination."

He arrived two months before the Heerengracht opened on October 1 1970 and was impressed.

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

IN TOP FOUR

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

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

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

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

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

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

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

STRIPPED OF CLOTHES

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

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

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

"I can only say that we were very happy there," she said.

Mr Johnny Gilbert was a driver for the Heerengracht for 15 years and remembers driving American actor Henry Darrow, comedian Jerry Lewis and television's Knight Rider David Hasselhoff.

"It's so sad. Everyone knew the Heerengracht and it was part of the community," he said.

Hall porter Mr Eric Fredericks, one of the longest-serving staff of the Heerengracht Hotel, and Protea Hotels head office receptionist Mrs Sheila van Rooyen comfort each other as the hotel closes.

Sun's shining star behind those launches

S/Times 30/11/88

288

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

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

These events included the massive re-opening for 400 glitterati of the Wild Coast Casino, refurbished at a cost of R70m; the R27-m extensions to the Marula Sun in Bophuthatswana; the new R4,5 m wing of Botswana's Gaborone Sun and the R7m renovations at the Royal Swazi Sun, after the devastating fire last year.

This daughter of film director David Millin (*Wild Geese* with Roger Moore and Richard Burton, and *Majuba*), learnt the art and importance of showmanship at her father's knee. Her 'think tank' is already drumming up innovative ideas for this year's calendar of events, which include parties to launch extensions within the Mauritius units; an extension to the Marula Sun; an extension and new restaurant at the

Melanie Millin-Moore, the redhead whose brief is to give memorable parties for Sol's multi-million rand promotions. Her launch of Sun City, with a team of 30, has become a "case book".

Thaba N'chu Sun and a new hotel in Bophuthatswana. Plus several other openings, roof-wettings and sod-turning beanos throughout the year.

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

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

"Sol's brief for the Wild Coast launch last year was 'to make sure everyone knows what's going on there'. But how do you beat the launch of Sun City?"

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

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

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

"I went for the theatrical and the dramatic with an animal parade and even Marloe Scott-Wilson with her pink hair.

□ To Page 17

Melanie is the star in Sun King's orbit

Cape Times 30/1/88

(7.88)

□ From Page 13

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

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

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

"In the beginning everyone thought Sun City would be a white elephant. The whole idea was foreign — a casino two-and-a-half hours drive from Johannesburg where you could go for the day or the weekend.

"My gut feeling was to go for saturation. I used every medium possible — not only English, Afrikaans and black newspapers but Portuguese and Italian; trade publications, suburban papers and country papers. We did direct mailing to tennis and soccer clubs. We invited teams of overseas journalists from Europe, Japan, German. We had virtually every TV crew in the world, plus radio and magazine reporters.

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

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

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

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

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

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

"Caviar and smoked salmon do appear — but only if they are part of theme."

DD 2/02/88 288

Bottle stores: hoteliers given extension

EAST LONDON — Hoteliers have been given a "breather" until March 31, to apply for an off-consumption authority which will then automatically convert to a liquor store licence.

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

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

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

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

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

Hoteliers have had ample time to make the necessary applications. The Liquor Act was amended in 1985 to provide for the separation of an off consumption authority from a hotel in terms of Section 34 (1)(b) of the Liquor Act.

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

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

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

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

"It will not be granted automatically because a hotelier applies for the licence. Hoteliers who have a licence will not be affected as the licence will merely be converted now," he said.

DID 4/2/88 (288)

Juicy Lucy name change

JOHANNESBURG — Juicy Lucy SA Ltd is to be renamed Pleasure Foods Limited with effect from next Monday.

Shareholders decided at the company's general meeting to implement the acquisition of the Wimpy restaurant chain of businesses and to implement Juicy Lucy's acquisition of certain other businesses in exchange for ordinary Juicy Lucy shares.

The Johannesburg Stock Exchange listing of the new Pleasure Foods shares will start on Monday (February 8) and the listing will be transferred to the "Industrial - beverages and hotels" sector under the abbreviated name "Plesure".

The enlarged company is now part of the Anglovaal group.

Pleasure Foods has 350 oputlets nation wide.

Shareholders meeting were notified that share certificates bearing the old Juicy Lucy name will not be good for delivery after the close of business on tomorrow. — Sapa

(288)

HOTEL TARIFFS FM 5/2/88

The holiday's over

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

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

Otto Stehlik, MD of the Protea hotel group, says tariffs will have to rise ahead of inflation this year, because:

- The industry must recoup profits lost through the lean years;
- Wage expectations and demands of hotel employees in 1988 will be ahead of the rate of inflation; and
- Rates charged by hotels built in the last five years have not been nearly sufficient to amortise development costs.

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

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

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

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

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

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

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

FM 5/2/88

SOUTHERN SUN (288)

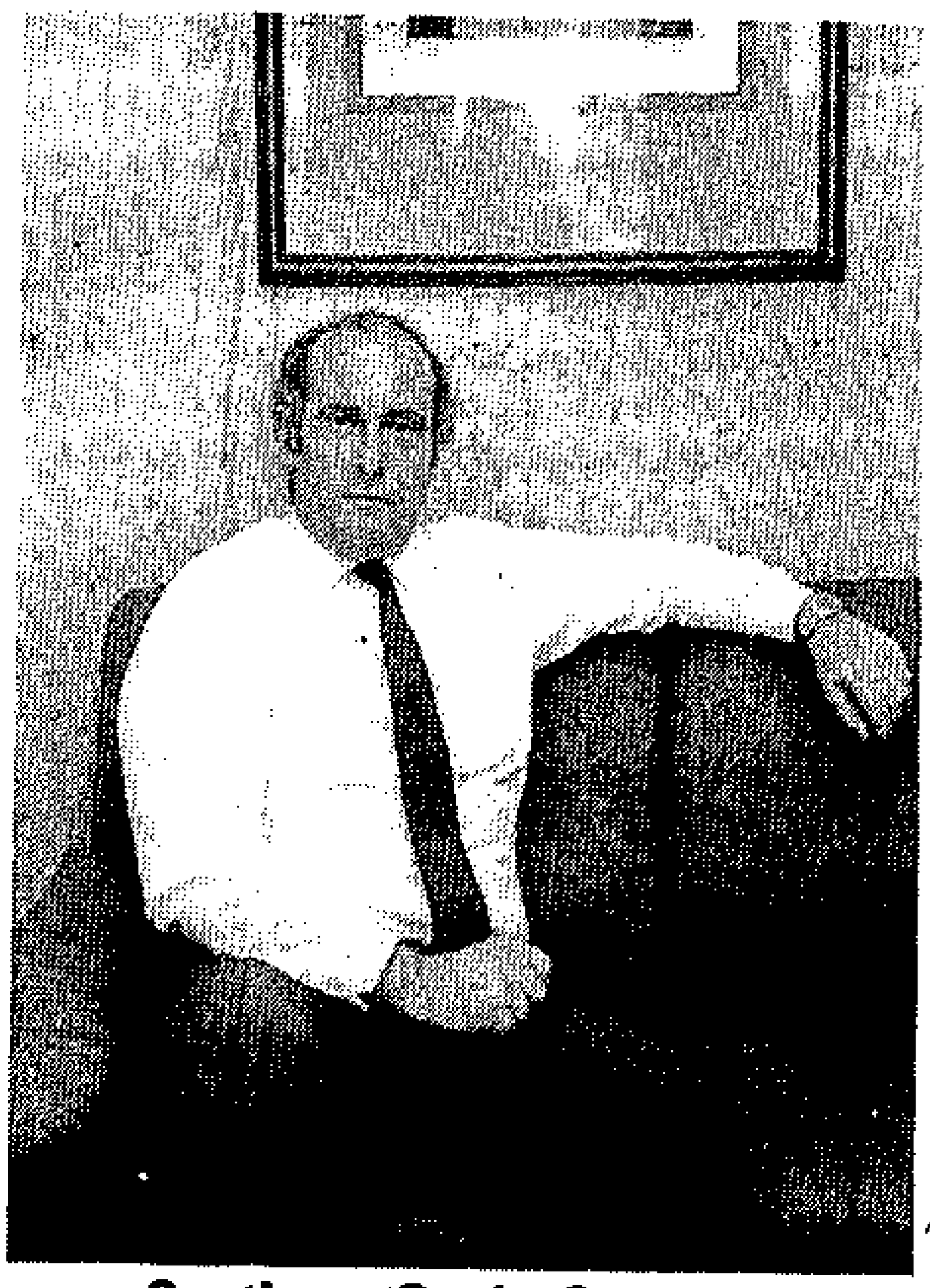
Shining on profits

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

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

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

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



Southern Sun's Corte ... regular increases

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

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

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

As a rough estimate, this means a taxed profit of several million rands is attainable, with EPS rising sharply from 2,7c for the year to end-March, though there may be additional benefits if margins improve.

It seems, though, that shareholders expect a lot of growth which is not yet readily apparent. The share currently trades at 400c — amounting to an historical p:e of 148. But even if our projections are correct, Suthsun is still on a very substantial p:e, against the industrial market's present 9. *Dave Edwards*

DD 6/2/88

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East London festivities a booming success — Walsh

Daily Dispatch Reporter

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

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

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

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

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

Bonza Bay's beach programme had been popular, but he felt Nahoon Beach had attracted fewer visitors.

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

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

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

He applauded the fireworks display.

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

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

A cable was strung along Oxford Street at a cost of R1 300 to provide sound, but this was regarded as expensive. The report suggested that a permanent cable would be more economical.

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

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

"People want to get together, and they don't need much entertainment once a mood has developed".

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

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

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

See also page 5

Hotels' boldness on open SA hailed

NKGU 288 9/2/88

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

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

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

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

WE'RE PENALISED

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

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

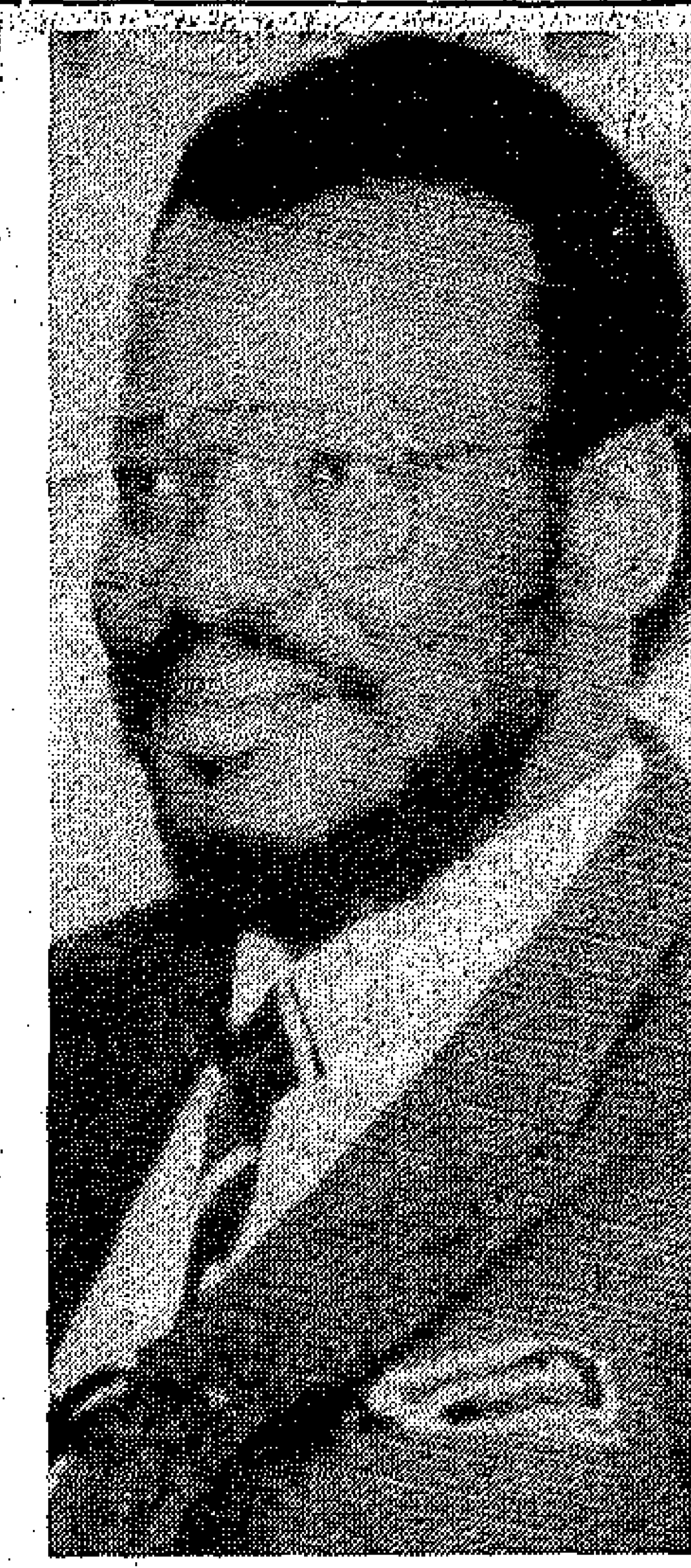
The Chief Minister criticised restrictions to tourism development in areas such as Kwazulu "because we are opposed to the consummation of apartheid".

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

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

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

Chief Buthelezi said South Africa had potentially more to offer international tourism than almost any country in the world. — Sapa.



Chief Gatsha Buthelezi

12/2/88

UNION WINE

No dividends

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

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

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

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

Since year-end, a property in Oudtshoorn has been sold and, as Jan Pickard Junior puts it, the commitment to the liquor industry has been reaffirmed by the launch of a new brandy (Bastille), a new white wine, Bellingham Paarl Riesling and four liqueurs.

Despite the problems, the achievements of the past two years make Pickard optimistic that a dividend may be declared next year. The group has R7,3m in unutilised tax losses, but in the present market it would seem wiser to look for something with a more solid dividend record.

Pat Kenney

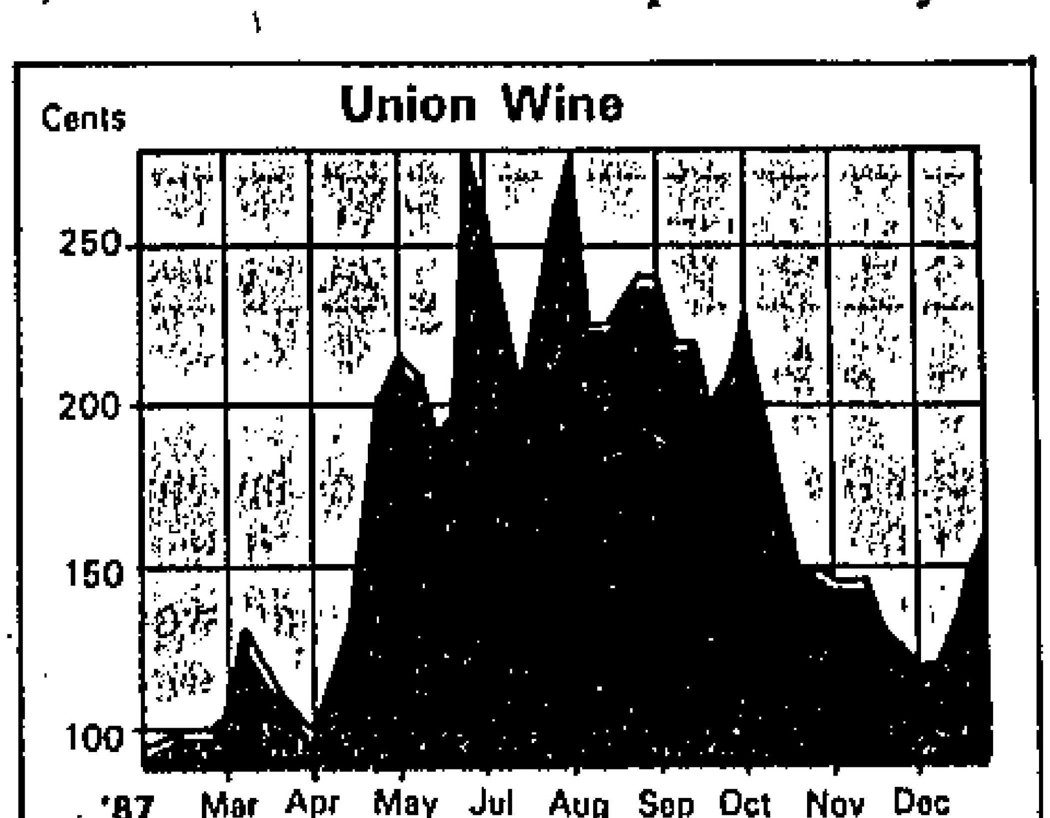
FM 12/2/88

Activities: *Wine farmers, wholesalers and retailers of liquor and hoteliers.*
Control: *Pichold has 57%.*
Chairman: *J A J Pickard; managing director: W D Terblanche.*
Capital structure: *13,2m ords of 50c each; 7,9m 10% comp conv cum prefs of 50c each. Market capitalisation: R19,8m.*
Share market: *Price: 150c. Yields: 10% on earnings; PE ratio, 10. 12-month high, 280c; low, 80c. Trading volume last quarter, 72 000 shares.*
Financial: *Year to June 30.*

	'85	'86	'87
Debt:			
Short-term (Rm)	14,7	15,3	10,2
Long-term (Rm)	3,8	3,7	14,1
Debt:equity ratio	0,85	0,43	0,69
Shareholders' interest	0,42	0,61	0,49
Int & leasing cover	1,02	1,24	1,51
Debt cover	0,07	0,14	0,19

Performance:

	'85	'86	'87
Return on cap (%)	6,9	6,9	9,9
Turnover (Rm)	100	101,8	112,8
Pre-int profit (Rm)	3,6	5,0	7,1
Taxed profit (Rm)	1,2	1,3	2,8
Earnings (c)	(8,9)	6,3	15,0
Dividends (c)	—	—	—
Net worth (c)	166	268	205



288 S T 14/2/88

Revamped Protea in new hotel drive

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

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

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

Turnover

Mr Stehlik has acquired Johannesburg's Braamfontein Hotel for his new flagship.

He hopes to manage 60 hotels by the end of 1989, raising turnover from last year's R70-million to more than R150-million.

Mr Stehlik began his business in 1984 with four hotels and a turnover of R20-million.

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

By Udo Rypstra

David Louw, Miso Markovina and Aart van der Heijden.

There are no outside shareholders. These directors bought Bankorp's stake in a deal concluded last July.

The new company will own 100% of Protea Hotels, the pure management company, which will have former marketing director Arthur Gillis as its managing director.

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

Similar terms

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

The owned properties will now have an arm's length management contract with Protea Hotels on similar terms as any other hotel in the group, says Mr Stehlik.

The third division is Plan One, headed by development director Peter de Klerk. It will handle not only the development and refurbishing of hotels but will accept consulting and development work from outside.

The fourth division is Selected Services Hotels, a no-frills group. It will concentrate on establishing low-budget hotels by cutting out non-essential services that chase up tariffs.

City Lodge

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

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

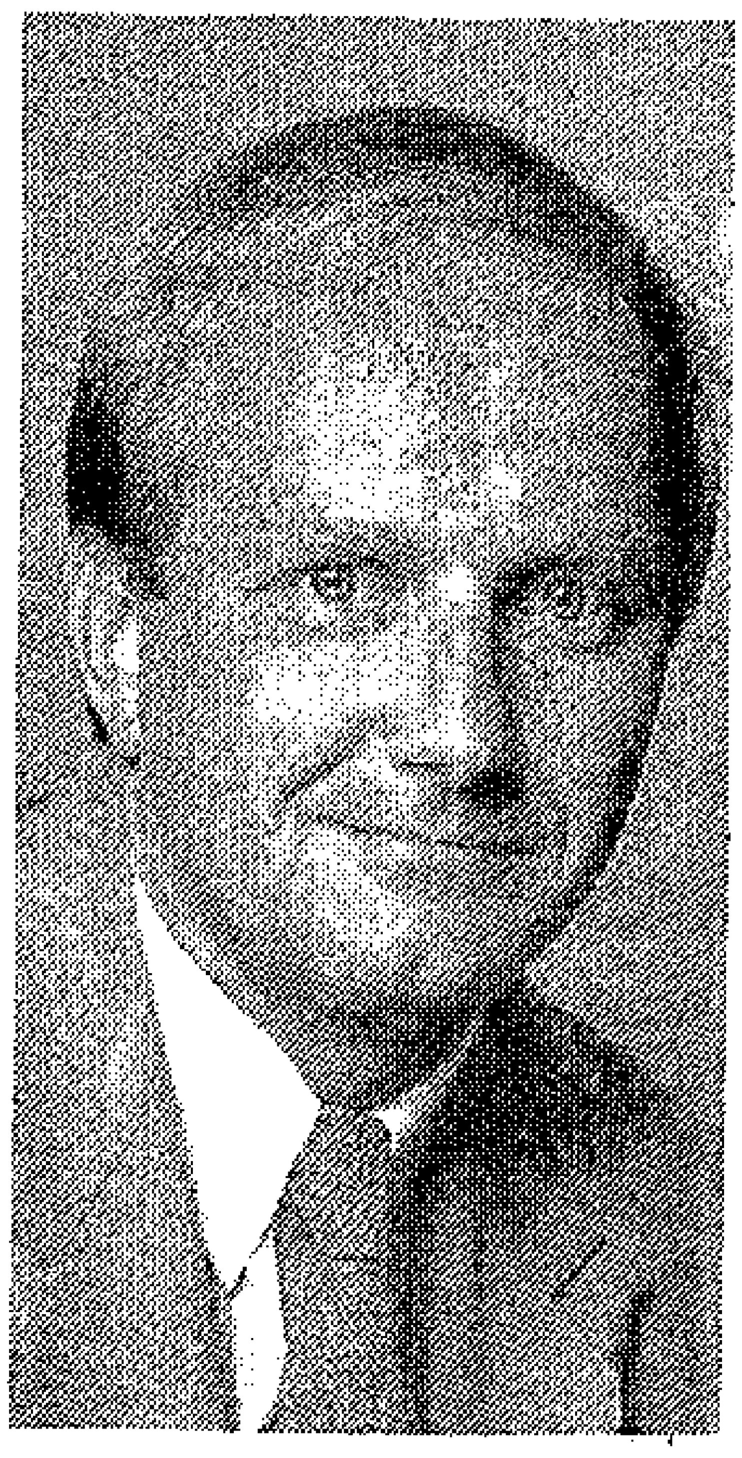
He also denies speculation that Protea Hospitality plans to enter the industrial and commercial catering sector in competition with Fedics.

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

Asked about a JSE listing, Mr Stehlik replies: "Companies seek a listing for two main reasons. One is to raise capital. We have taken the more difficult route through our management contract system. We do not need capital.

"The other reason to list is to pay debt. Our gearing is low, so we do not think of a listing in the short term or medium term.

"But this view may change with circumstances."



Otto Stehlik . . . looking for a bigger market slice

288 Sunday Times 14/2/88

Ian Heron . . . time to digest the takeovers

Interleisure kicks off with forecast-beating payout

By Ian Smith

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

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

So far R63,7-million has been laid out for all the acquisitions — by cash payment of R9,1-million and the issue of 5 868 656 shares at an average price of 315c each. Another 12 620 059 shares will be issued at average price of 286c in full settlement if profit warranties running through to 1990 are fulfilled.

Main task

The effect of the acquisitions increases earnings a share in the six months to December 31 from 5,5c to 6,5c and the net asset value from 45c to 63c.

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

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

Interleisure has declared a maiden dividend of 3,25c on the back of atributable earnings of R10,9-million, which is 41% ahead of the R7,7-million for 1986 given in the transmuted listing statement.

After the expansion Interleisure has been restructured into five operating divisions — cinemas, handling film exhibition and distributiuon through Ster-Kinekor; restaurants, fast foods and theme pubs through Interfare; film and television production through Toron International; services through Computicket, Ster-Kinekor Video, Cinemark and Irene Film Laboratories; and Intersport wholesaling and retailing division.

Down the line

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

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

Other benefits could flow from rationalisation.

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

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

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

Interleisure says the recovery in consumer spending is shown by the 12% increase in cinema attendances and buoyant trading in the food and retail sports outlets.

Tricom offer draws R41m

Business Times Reporter

IN spite of investor caution, there is still support for property.

The public and preferential offers of units in Tricom Property Fund attracted R41,7-million.

The public offer of 1-million units at 500c was subscribed 4,9 times, drawing 469 applications for 6,7-million units. But the preferential offer to Syfrets and Commercial Union Property Fund unitholders (other than UAL Property Fund Managers and its shareholders) of 2-million units at 500c was undersubscribed.

It attracted 752 applications for 1,6-million units. The units not taken up will be available for public applicants.

Applicants for the public offer will receive about 20% of the units they sought.

UAL Property Fund Managers managing director John Peters says: "The response has been refreshing, particularly because investors are fighting shy of the stock market and new issues have been cancelled or deferred."

Tricom will be listed on February 18.

Is Heerengracht Hotel to re-open?

Protea Hotels plans expansion

288

CM/- Times 16/2/88

By LAWRENCE TOTHILL
Investment Editor

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

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

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

Rumours

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

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

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

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

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

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

These would be hotels which offer limited services, but which will be within easier reach of more people.

The aim is to have a total of, perhaps, 60 hotels in the group by the end of 1989.

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

Restructuring

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

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

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

One thing which is not planned is a listing on the JSE — well, not within the next three years.

'R200 a night may be 5-star rate soon'

16/2/88

288

By Frank Jeans

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

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

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

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

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

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

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

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

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

Transun's earnings enhanced

SW 16/2/88

By Sven Lünsche

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

But there is some consolation in the latest interim figures which show that attributable earnings were up 37 percent to R18,1 million for the six months to end-December 1987, on a 43 percent rise in turnover to R53,4 million. Operating income improved by 48 percent to R23,3 million.

Earnings a share rose by only 12 percent to 12,5c, recognising the dilution effect of the additional shares issued when the company was listed in February 1987. The interim dividend was raised from 9c to 10c.

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

"Despite the disruptions, the Wild Coast Sun achieved an occupancy of 81 percent for the period, which was considerably higher than that experienced by the hotel industry," they said.

Transkei hotel has increased earnings

DD 17/2/88

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

This translates into earnings of 12,5c a share, up only 12 per cent from the previous year's 11,1c, because of the dilution of the shareholding by the issue of more shares at the time of the company's listing on the JSE a year ago.

The interim divided declared of 10c a share, up from last year's 9c, is covered 1,2 times by earnings, the same as last year.

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

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

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

"Despite the disruption, the Wild Coast Sun achieved an occupancy of 81 per cent for the period — considerably higher than that experienced by the hotel industry."

Turnover for the company rose 43 per cent to R53,4m during the period, raising operating profit 48 per cent to R23,3m compared with the interim results for 1986.

The R70m expansion of the Wild Coast Sun, which added 130 rooms and a casino-entertainment area to the hotel, raised gearing to 31 per cent from 24 per cent at the end of December 1986. No further expansion is envisaged at present. — DDC

Hotels, gambling boost Kersaf profits, divs

Cape Times 17/2/88

288

By LAWRENCE TOTHILL
Investment Editor

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

Most important for shareholders is the bottom-line where earnings per share have increased to 48,5c from the comparable 37,3c — an increase of 30%; and the interim dividend has been increased to 29c — 32% up on the previous 22c.

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

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

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

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

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

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

D/D 18/2/88 248

Sunbop records creditable R36m earnings

JOHANNESBURG — Kersaf Investments has posted creditable interim results following the excellent performance turned in by subsidiary Sun International Bophuthatswana (SunBop), for the six months to December 31, 1987.

The holding company's attributable earnings climbed 34 per cent to R36,3 million compared with the same months in 1986, after a 47 per cent increase in turnover to R445,7 million for the period.

Earnings grew 30 per cent to 48,5c a share, but the directors caution that although the outlook for the second half of the year remains positive, growth in EPS is likely to be moderately less than that achieved in the first half.

The interim dividend of 29c a share is 32 per cent higher than in the 1986 year, and is covered 1,7 times by earnings.

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

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

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

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

— Sunbop results for the six months show an increase of 68 per cent in attributable earnings to R34,2m (31,5c a share).

A substantially higher interim dividend of 21c a share has been declared 75 per cent up on the 12c paid out for the previous comparable period.

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

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

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

DD 18/2/88

Hotel to be demolished for R24 million centre

288

Daily Dispatch Reporter

EAST LONDON — The existing Kings Hotel building is to be demolished and replaced by a R24 million hotel and entertainment centre.

The latest plans override the proposal put to the council at the end of last year.

That proposal envisaged that a R14 million centre — including a number of restaurants, four cinemas, an eight-lane bowling alley, a theme bar, a late night coffee shop, speciality boutiques and additional rooms — be added to the hotel.

The owner of the hotel and managing director of the developing company, Mr Norbert Baumker, said the demolition of the building would begin on Monday and the project was expected to be completed before the end of the year.

"The new complex will include all the facilities envisaged in the original project and the 140 room hotel will retain its three-star rating," he said.

Mr Baumker added that he had decided to demolish the hotel and start from scratch, as architectural problems had been experienced in marrying the new development to the old building.

"At the end of the day, the cost will be the same, but we will have a brand new product.

"The project is just what East London has been waiting for. The centre will provide for the entertainment and leisure needs of both young and old and existing time-share holders will be in exactly the same position as before," he added.

The controversial overhead walkway, which was rejected by several councillors and the beachfront development consultant, Mr Revel Fox, has since been dropped and will not be included in the new complex.

The budgeted cost of the centre includes the development and expansion of the existing aquarium — which is still being investigated by the council.

The addition of a restaurant has already been approved in principle.

The proposed sale and price will be published for objection next week.

Hoteliers have good reason to smile

DD 15/3/88 (288)

Daily Dispatch Reporter

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

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

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

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

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

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

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

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

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

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

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

He said the hotel had opened an extra 35 rooms shortly before the December holidays and these had also been fully booked last week.

EAST LONDON 26141

Hotel grading system won't change

22/2/88

B/P.

288

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

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

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

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

The hotels legislation would be introduced afterwards. — DDC

D(D4/3/88 288

Scramble at hotel auction

Daily Dispatch Reporter

EAST LONDON — Bargain hunters crowded into a Quigney warehouse yesterday for the public auction of the contents of the three-star Kings Hotel.

The hotel is in the process of being demolished to make way for a proposed multi-million rand leisure and entertainment centre and a new 140 bedroom hotel.

The owners of several other residential hotels and boarding establishments were among the most fervent bidders when the auction opened in the morning, when kitchen equipment and light fittings were under the auctioneer's hammer.

Sales were steady and there was a keen public interest.

The owner of the hotel, Mr Norbert Baumker, said the entire contents of the hotel had been included in the sale.

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

The auctioneer, Mr Alan Ingram, said the auction was well attended.

Mr Ingram said he did not know how much money was made yesterday.

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

He said the bedroom and oak furniture had sold the best.

Mr Ingram said people had come from "all over" to the auction.

"One buyer came from as far away as Prieska in the North Western Cape.

"There were also others from Transkei and Ciskei," he said.

Part of the crowd surrounding the auctioneer, Mr Alan Ingram, at the sale of furniture and other items from the Kings Hotel yesterday.

Expansion gets underway at Morula Sun before birthday

6/3/88

CPress

(288)

CP Correspondent

THE Morula Sun has another four months to go before its first birthday, but already a second expansion phase is underway.

The R14,8-million building program, which started this week, includes another accommodation wing, a creche, a clinic, video games for children, further exclusive casino and slot machine areas and extensive additions to staff facilities.

"We opened with a staff of 585 on June 25," explained general manager Alastair Roper. "Such has been the popularity of the Morula Sun since then that we now employ over 1 000 people, so more back-of-house amenities were essential, and these include staff dining areas and change rooms."

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

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

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

A small medical clinic is being built for the convenience of residents and day visitors.

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

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

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

Quieter moments can be enjoyed on the lake, where numerous craft are available for the use of guests, and by strolling through the "magnificent bird sanctuary and indigenous gardens specially created along the shoreline".

"The Morula Sun has shown what a demand existed in this area for entertainment and enjoyment in sophisticated yet friendly and casual surroundings," said Roper. "With the resort's proximity to Pretoria, only about 30 minutes drive away, and its reputation for a warm welcome at every level, it has proved immensely popular.

"The response from our guests, and the thank-you letters received after conferences, show how much our care and attention is appreciated."

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

● For further information contact Barbara Ickinger at Sun International on (011) 783-8750.

D/D 12/3/85 (280) (2??)

Hotel placed under liquidation

Daily Dispatch Reporter

QUEENSTOWN — A second hotel belonging to Mr. Owen Lenz was placed under liquidation in the magistrate's court here yesterday.

A provisional order of liquidation in respect of the Central Hotel was made final following the previous liquidation of the Gardens Hotel.

The trustees will soon be inviting tenders for the sale of both concerns.

Temporary repairs will be made to the Central Hotel which will stay closed until it is sold.

The hotel was extensively damaged some weeks ago when an outer wall of the building collapsed.

288

Law for later pub hours hailed

Staff Reporter

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

New bar time bad — Sanca

DID 24/3/88

28

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

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

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

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

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

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

BUSINESS

DP 24/3/88

(288)

Hotel rates set to rise sharply

by Matthew Moonieya
business editor

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

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

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

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

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

Other factors influencing a likely increase were a sharp rise in labour and refurbishment costs.

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

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

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

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

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

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

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288 SA

Spur in the big league, heads for main board

27/3/88

By Ruth Golembo

THE Spur group's yearend results have lifted it into the big league in the fast-food business, joining Pleaure Foods and Interleisure.

The Cape-based steak house chain Spur Steak Ranches (Spur) and stablemate Spur Holdings (Spurhold) will move from the Development Capital Market to the JSE main board's hotels and beverages sector.

Newly listed Spurhold raised turnover to more than R7-million and increased profits by 140% to 12c a share in the year to February 1988.

The results came with a R600 000 boost from its franchised steak house chain, Spur which raised profits to R1,5-million. Spurhold owns 47% of Spur.

Forecast beaten

Spurhold, which was listed on the DCM last June, beat its prospectus forecast by 62%. It is paying a maiden dividend of 10c — nearly double the 5,2c forecast.

Spur's earnings increased by 61% to 9c a share on taxed profits of R1,25-million. The dividend is 9c a share, 64% up on last years' 5,5c.

Chairman Allen Ambor says Spur's 58% jump in turnover came from increased market share.

But the fast-food challenger is relatively small compared with the recently formed heavyweights in the growing industry.

Spur has 69 franchised outlets and Spurhold owns four restuarants — including its first two Spur Steak ranches at the Cape and the original Hard Rock Cafe in Rondebosch, Cape Town.

Pleasure Foods, made up of Juicy Lucy and Anglovaal Industries Wimpy, has about 350 outlets.

Kersaf's new Interleisure Group dominates the fast-food market with its Mike's Kitchens, Squires Loft, Longhorn and Bimbo chains. It also has sports clothing chain Sweat Shop and entertainment outlets.

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

"The emphasis has always been on high quality and people more than merely the bottom line.

"We have concentrated on establishing customer loyalty and kept home-cooked value-for-money food on the menu. The policy is paying off.

"From this good base we are ready to expand. In the past two years we have become a national group. We opened 15 restuarants in the past year.

"Many more are planned."

Spur established a first in the franchise industry — its opposition, Pleasure Foods, will soon operate a Hardrock Cafe on the popular Sea Point beachfront under a Spur franchise.

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

Turnover fee

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

Expansion by acquistion is also being considered.

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

Mr Ambor says: "We are not at exposing ourselves to any of the risks involved in starting up new businesses. We provide training and managerial know-how to franchisees, ensuring that their businesses are sucessful."

Allen Ambor . . . home cooking fills the tills

Industrial park to cost R200m

By Ian Smith

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

The first tenders for R3,5-million worth of service contracts for roads, stormwater and sewerage drains and electricity supply have gone out.

Work will start in May and is due for completion in November when the first factories will be built on the 26 hectares of the first phase of the project beside the motorway between Johannesburg and Jan Smuts Airport.

Dallas Reed, a director of the joint Sanlam and Bankorp deal, says 8ha have been sold and another 7ha are under negotiation.

Land sales in the 74ha site, 6km from the airport and 14km from the city, will raise about R60-million, says Mr Reed. Total investment, including about 90 factories and warehouses, will be more than R200-million.

Last in the area

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

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

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

SA 27/3/88

Pioneer hangs on

By Don Robertson

PIONEER car audio and hi-fi products will continue to be sold in SA in spite of the company's decision to limit its trade with this country.

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

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

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

Pioneer was, however, one of the first companies to respond to a request to limit its trade with SA, reducing its exports from 1,2-billion yen in 1986 to 850-million last year. This was facilitated by the rand's devaluation in the past two years.

27/3/88 SA

Avis orders 8 200 cars

By Don Robertson

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

It will spend R193-million on 8 200 new cars and mini-buses for rental and another R55-million on cars for its leasing division.

The cars will be bought from the beginning of next month and represent a conservative estimate of fleet demand. More vehicles will probably be bought later in the year.

The purchase is about 50% higher than the previous record — Avis's 5 400 order in 1987.

Of the 8 200 vehicles, 3 5000 will be Volkswagen micro-buses, Golfs and Jettas, 750 Toyotas, 650 Mercedes-Benzes, of which 500 will be Mercedes 200E, 350 Fords, 450 Opel Kadetts, 2 200 Nissan Skylines and Sentras, and 300 3 Series BMWs.

Managing director Tony Langley says rental days increased by 40% in the year to March. The average rental time has risen from 4,75 to 5,5 days.

He ascribes this to an increase in business activity, an almost doubling of the tourist market and a rise in the number of blacks using the service.

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

Avis has opened 10 branches, bringing the total to 92. Several branches have been upgraded.

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

"Besides the expansion of our branch network, we have built up our fleet to a record 6 500 cars.

"The optimum rental for each car is 21 days a month. We are renting our cars for 24 days a month. This suggests that we will soon have to increase our fleet," says Mr Langley.

However, the company faces considerable losses as a result of accidents and theft which amount to about R1-million a month. Avis reports about 250 thefts a month, of which about 150 vehicles are recovered.

Cape's plush Mount Nelson Hotel for sale

By Richard Rolfe

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

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

B&C, when under the control of the Cayzer family, was one of the founders of Safmarine and was primarily involved in shipping. In the past three years, it has withdrawn from shipping, selling its last vessel in 1986.

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

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

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

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

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

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

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

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

The hotel was originally a homestead built in honour of Lord Nelson in 1805.

D/D 7/4/88

EL hotels report varying levels of Easter trade

288

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

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

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

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

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

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

2 multi-million rand hotel deals on go

D|D 7/4/88

(288)

by Matthew Moonieya
business editor

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

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

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

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

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

Mr Somtunzi said details would be released later.

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

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

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

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

"This will be an added attraction as it would cater for international

Outing

Daily Dispatch
Correspondent

PORT ELIZABETH — A birthday outing ended in tragedy for two Algoa Park brothers, Morné and Sean Vrey, on Tuesday night when they drowned in the Swartkops River after the boat they were on overturned during a freak storm.

The boys celebrated their birthdays — they were nine and 10 — on Monday and insisted on going fishing on Tuesday

Time ru

D|D 7/4

NICOSIA — Hijackers aboard a Kuwaiti airline doctor to attend sick pass running out in their dem prisoners in Kuwait.

The Iranian news agen prus, said the hijackers Mashhad airport in north the passengers aboard the 747 were feeling unwell.

The doctor reported on satisfactory but the hijack the aircraft. They release night, but no Kuwaitis.

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D/D 7/4/88

by Matthew Moonieya
business editor

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

Mr Somtunzi said details would be released later.

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

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

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

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

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

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

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

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

The Fish River complex is scheduled to be ready for use by the Christmas holiday season and will comprise 150 bedrooms as well as extensive public and entertainment areas.

Map page 2

Mount Nelson's best year

288

S Times 10/4/88

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

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

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

Mr Dodds says negotiations are in an early phase.

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

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

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

CP slams liquor law proposals

DID 14/4/88

280

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

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

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

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

He said the bill extended trading hours for retail liquor outlets until 8 pm every day.

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

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

Mr Derby-Lewis said another "glaring ommission" was that the bill did not envisage separation of producers, wholsesalers and retailers, which would lead to a monopolistic situation and price collusion. — DDC

Carlton may 'close its doors'

By Magnus Heystek

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

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

Star

But Mr Pat Kelly, general manager of the Carlton, yesterday emphatically denied that the hotel will close its doors, as some rumours suggested.

20/4/88

CP wrong on liquor Bill, say hotel men

Star 20/4/88

288

By Esmaré van der Merwe

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

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

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

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

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

Fedhasa's view was that more people should consume less liquor as a social pleasantry, rather than a situation where fewer individuals over-indulge.

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

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

FOOTBALL

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

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

"Fedhasa has long campaigned against monopolies in the liquor industry."

Westin ends hotel contract

By Melanie Gosling

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

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

He said: "It was not Westin's desire to pull out.

"The last thing we wanted was to terminate the contract after 16 good years, but, over the last few months, the pressure from the States has intensifed to such an extent that we can no longer avoid it."

He said rumours that the Carlton would close were unfounded.

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

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

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

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

Star

2/1/88

2288

FOR SUBSCRIPTION INQUIRIES — TELEPHC

Building of hotel to start within ten days

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

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

A complete re-design of the centre had been necessary to overcome objections to a walkway bridge over the road directly in front of the now demolished old hotel. DD 23/4/88

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

(288)

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

The sod turning ceremony to mark the start of the project will take place next week. — DDR

Tour ban on SA would 'cost many jobs'

Star 2/5/88

288

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

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

Despite the negative publicity which South Africa received from the international media, the growth figure for the tourist trade for 1987 was 14,2 percent compared with the figure in 1986.

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

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

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

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

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

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

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

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

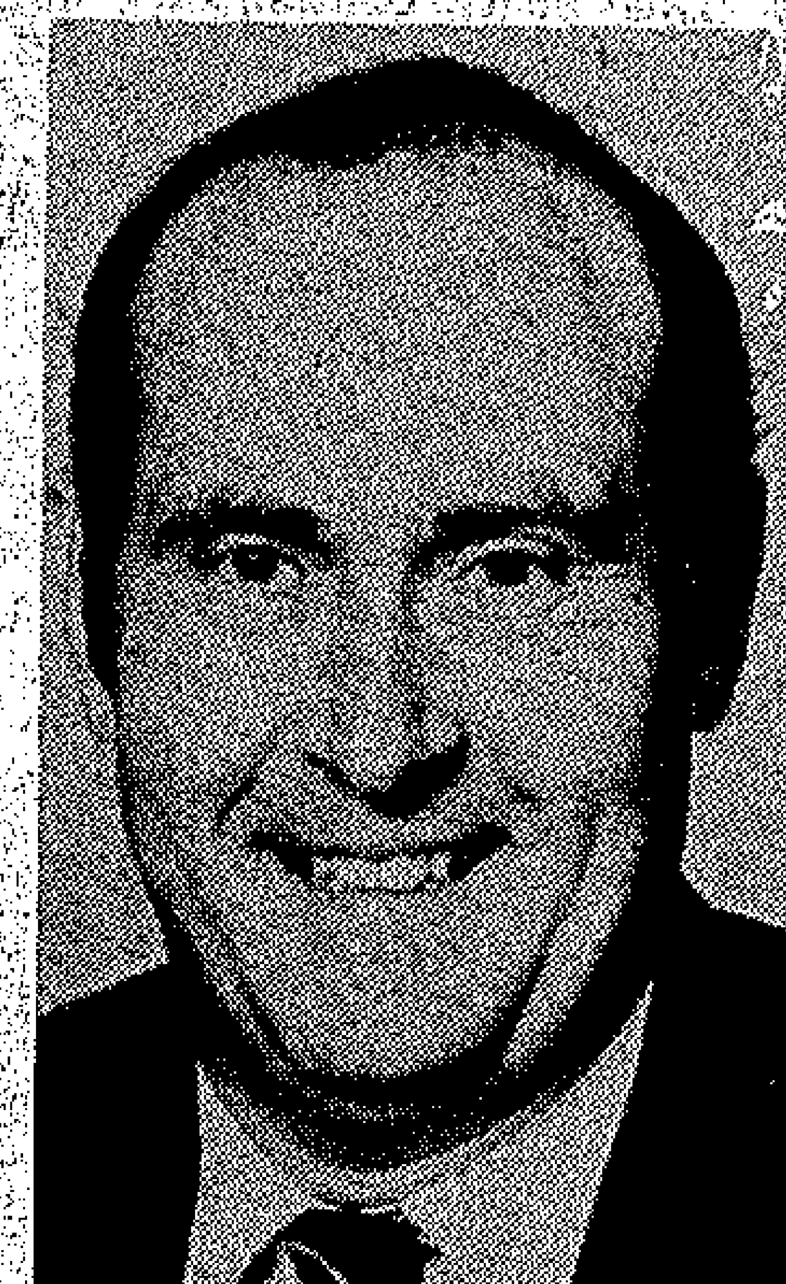
Mr Hough said the board planned to bring foreign journalists to South Africa as a way of generating favourable publicity. — Sapa.

Star 3/5/88

Higher occupancies lift Southern Sun

280

By Ann Crotty



Mr Bruno Corte

A sharp increase in occupancies was one of the major contributors to Southern Sun's strong performance in the second half of financial 1988, enabling it to turn an interim loss of 5,4c per share into a profit of 14,9c (2,7c) for the 12 months to March. A dividend of 10c (2c) has been declared.

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

Group turnover was up 19,5 percent to R314 million (R262 million). Operating profit was up a more impressive 46 percent to R58 million (R39,9 million). The relatively stronger operating performance reflected a surge in margins from 15,1 percent to 18,5 percent.

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

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

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

The improved margins were achieved despite increased labour costs. A settlement with the group's four trade unions, backdated to October 1987, is estimated to have cost about R2,5 million in financial 1988. With labour costs currently accounting for about 40-50 percent of total costs, the impact of this agreement, with a further increase in minimum wages due in October 1988, is expected to be far greater in financial 1989.

The downside of the sharp improvement in the occupancy rate was the 42 percent surge in rentals and leasing charges to R44 million (R31 million), reflecting the fact that many of the hotels operate on a turnover-based rental system.

There was a 14 percent reduction in interest paid to R8 million from R9,4 million. This left pre-tax profit at R6 million (previous year's loss of R586 000). With tax unchanged at R1,3 million, the taxed profit was R4,8 million (R1,9million loss).

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

Gearing was up from 32 percent to 34 percent, due chiefly to the continued substantial investment in refurbishment of group properties, but it remains comfortably within the 50 percent self-imposed constraint. Net worth increased to 462,8c (415,5c).

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

These results put the share on an historic P/E rating of 27,2 times, which is far more reasonable than the previous P/E of 69, but still way out of line with the sector average of 12,5.

Dramatic turnaround in second half

Suthsun lifts profits fourfold

Cape Times 3/5/88

288

From MERVYN HARRIS

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

Boosted by better-than-expected occupancies from a buoyant local economy and a rise in foreign tourism, the country's largest hotel group turned a first-half loss of 5,4c into earnings of 14,9c (2,7c previous year) a share for the year to March.

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

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

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

This was reflected in the 19,5% turnover rise from R262,9m to R314,2m. The big improvement came, however, at the operating level where better margins enabled profits to jump 46% to R58,3m (R39,9m).

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

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

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

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

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

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

The group now seems firmly back on the recovery trail after two tough years. But it still has a long haul ahead to match 1984's earnings of 53,1c a share and the dividend payout of 40c a share.

People who don't cancel cost hotels, raise tariffs

Star 4/5/88

288

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

So says Mr Fred Thermann, executive director: operations of the Federated Hotel, Liquor and Catering Association.

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

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

The hotel industry's turnover is about R1,6 billion a year, he points out. Accommodation revenues account for about R400 million. The direct cost of a 10 percent average no showing is therefore around R40 million each year. This does not take into account indirect costs.

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

"All that hotel managers request is that they be informed of any cancellations. This is in everybody's interests. It helps to keep costs down and it improves room utilisation

P(D 12/5/88 (288)

Southern Sun-rise

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The big improvement came, however, at the operating level where better margins enabled profits to jump 46 per cent to R58,3 m (R39,9m).

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

It still, however, has a long haul ahead to match 1984's earnings of 53,1c a share and the dividend payout of 40c a share. — DDC

MAJOR MOVEMENTS

Catering body in call for meatless days

Star 16/5/88

(288)

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

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

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

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

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

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

Longer liquor trading opposed

STEV 18/5/88

(288)

Political Staff

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

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

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

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

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

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

Booze sales Bill under fire

Sow 18/5/88

288

PLANS to extend trading selling hours for bottle stores are meeting stiff resistance and may be dropped from a new Bill now before Parliament.

The plans are contained in the new liquor Bill which is being examined by a committee of Parliament which is hearing evidence from interested people. The Bill proposes that liquor stores should be allowed to trade from 8am to 8pm and until 2pm on Saturdays.

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

The Bill, which consolidates all liquor legislation, contains many other proposed amendments to trading hours for other institutions such as sports clubs and theatres.

There has been strong objection to extending trading hours for selling liquor by itself although it seems that extra trading hours for selling liquor with food are generally acceptable.

In its draft form the Bill also proposed that hotels and restaurants should be allowed to sell liquor on Sundays and religious holidays without meals.

This was dropped from the Bill as it was published this year, after the Department of Trade and Industry was "inundated with a wave of protests not only from religious organisations but also the man in the street."

19/5/88

288

Sol: Not interested in Nellie

From IAN HOBBS

LONDON. — Sun International boss Mr Sol Kerzner last night denied claims that he had been involved in a bid for Cape Town's world renowned hotel, the Mount Nelson.

It is believed the sale fell through close to completion.

Mr Kerzner said he had had no part in any bid and was anyway not interested in buying the Mount Nelson. He made no further comment.

The hotel's owners, the British and Commonwealth group, which has consistently denied it is up for sale, fought shy of comment yesterday.

The responsible executive was said to be involved in meetings and unavailable to comment. Promises to comment later in the day were not fulfilled.

R110m resorts for the Vaal

26/1/88 Star

By Ian Smith

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

Two resorts costing more than R110-million will change the Vaal's picnic and fishing image.

Former Free State farmer Walter Goldblatt is going ahead with his Marina Letata project on the dam's north bank, opposite the Port o' Call, at a cost of R60-million.

The project will include 400 homes, walk-on moorings for 1 700 craft, a floating hotel, restaurants, bars and games and conference facilities.

Greek village

Cape-based Club Mykonos has bought an 18ha riverside site at Vanderbijlpark for the construction of a R50-million Greek-style waterfront village.

The land was sold by Vanderbijlpark municipality and Iscor subsidiary Vesco for an undisclosed sum. Club Mykonos managing director Mike Pnematicatos says plans are not final, but the resort will be similar to on the company's Langebaan resort.

Club Mykonos developments are financed by Masterbond Trust.

The developments follow changing leisure habits.

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

The initial infrastructure for Marina Letata has been completed on the 42ha site at a cost of R12,5-million. Work has started on the moorings and the first 25 villas will be ready for occupation by July. Sales have hit R4-million.

Construction will start soon on an amenities complex, including a conference centre, restaurant, bars and small supermarket. A swimming pool, squash and tennis courts, bowling greens and a games room will be built.

The "boatel" is still in the planning stage.

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

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

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

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

"We are aiming at a Club Mediteranee-type atmosphere. The resort will cater for the exotic holiday and leisure needs of visitors from all over SA."

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

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

The resort will also have recreation and conference facilities and waterfront tavernas and cafes.

B & C may sell stake in Royale

CAPE TIMES 25/5/88 (28)

Own Correspondent

LONDON. — British and Commonwealth Holdings (B & C) is set to announce on Friday that it has disposed of its 51% stake in Royale Resorts, the vehicle used by Sun Hotels for a $100m redevelopment of its French gaming interests.

Sun Hotels has a 49% stake in Royale and in August last year Sol Kerzer relinquished his post as Kersaf MD to become Royale CE.

A B & C spokesman said no announcement would be made until the publication of its annual report on Friday, but brokers close to the group are convinced the disposal has already taken place.

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

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

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

Under the deal announced last August French hotel magnate Lucien Barriere transferred his hotels and casinos to SHCD in which he and Royale each held a 38% stake.

Kerzner said at the time that the group with a net asset value of 1,1bn French francs and almost no gearing effectively controlled half of France's gaming market.

Under the re-organization B & C held 49% of Royale's interests in Southern Africa and Mauritius with Kersaf holding 51%.

Any disposal by B & C would be in line with the group's new strategy of concentrating on the financial services sector.

B & C CE Peter Goldie announced last night that negotiations for a management buy-out of Bricom, the division which runs its hotels including the Mount Nelson in Cape Town, were proceeding.

"We will sell Bricom. If it doesn't go to management it will go elsewhere."

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

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

Support fight for power

Sowetan 06/5/88
288

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

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

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

Apartheid

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

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

Exclusion

Mr Khoza said apartheid was economics of exclusion.

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

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

The conference resolved to:

- Call for more training of black traders;
- To insist on purchasing all sorghum beer breweries and to buy remaining liquor outlets.

FM 27/5/88

OFS LEISURE 288

More on water

The Sterkfontein Dam, near Harrismith could follow the Vaal Dam as a playground of the hinterland (*Property* May 20).

During the drought, water from Sterkfontein was used to top up the Vaal Dam and the level has fluctuated.

However, this has now stabilised and developers are casting their eyes on the area.

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

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

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

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

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

Greg Metzer, a partner in Hescor, which is marketing the development, says co-ownership gives buyers six to seven weeks at the price of one week of high-season timeshare. A third of the development is already sold. Construction began a week ago and the bulk of the units should be completed by year-end, with the clubhouse following in April 1989.

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

Hunting will only be allowed with permission from the department and as a part of culling operations.

FM 27/5/88

BUILDING COSTS 1/88

Comparing notes

Room-for-room comparisons of cost increases on City Lodge's latest hotel developments paint a graphic picture of rampant inflation in the building industry.

The cost of building a room has increased from R31 000 at the Jan Smuts lodge last year to R50 300 at the new lodge being built in Cape Town.

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

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

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

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

Enderle says: "The tenders astounded us. Construction costs per room, compared with the Jan Smuts lodge, completed in September last year, are 34% higher for Durban, 37% higher for Port Elizabeth and a staggering 58% higher for Cape Town.

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

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

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

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

FM 3/6/88

HEERENGRACHT

288

On again?

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

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

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

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

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

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

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

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

Upgrading of hotels likely — Fedhasa

Star 7/6/88

By Helen Grange

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

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

BENEFITS

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

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

RECOVERING

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

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

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

Carlton's Macartney
.. too much room

HOTELS (288) (M)

Carlton blues

10/6/88

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

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

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

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

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

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

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

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

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

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

COMPANY ROUND-UP

PRELIMS	Turnover (Rm)	% change	Profit before tax (Rm)	% change	Earnings per share (c)	% change	Div per share (c)	% change
Racy	32,2	N/A	3,6	N/A	11,5	N/A	5,5	N/A
MAS	N/A	N/A	4,6	78,1	20,1	26,0	10,0	25,0
Tranmin	3,6	+6,5	0,357	−40,8	0,92	N/A	N/A	N/A
INTERIMS								
Technihire	N/A	N/A	0,8	+106,4	2,95	+29,9	N/A	N/A

N/A — not available

Southern Sun basks in Kerzner's profits

(288) Times 12/6/88

Business Times Reporter

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

Southern Sun equity accounted R9,3-million of Sun International's earnings. Its total declared earnings attributable to shareholders were R10,4-million.

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

Southern Sun also revalued its 20% stake in Sun International by R31,8-million, in accordance with its policy of revaluing assets to market value every year. It describes Sun International in its report as "lucrative".

Borrowing

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

The debt ratio may look acceptable but Southern Sun is illiquid, with debt of R93-million, and R143-million of prefs to be serviced. A number of hotels are leased. Lease costs last year were R44-million.

The interest bill was covered only 2,1 times by gross profit. Finance costs soaked up no less than R11-million of the R25,6-million of cash generated by operating activities and yet chairman Meyer Kahn says "considerable borrowing capacity still exists and is available for use should appropriate opportunities arise."

In light of this it is hard to see why the company paid a 10c dividend costing more than R7-million last year. Prosperous parent SAB did not need the money half as badly as Southern Sun.

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

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

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

Most distressing is the return on total assets at a meagre 3,9%. That is after taking into account the R9,3-million of Sun International earnings. This compares with a return of 18%-20% that the group returned in 1981-1983.

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

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

All the group needs to get back to the returns of old — and in so doing, return to taxed profits of R40-million or more — is to get more bodies in beds. Last year it achieved above-average occupancies (57% in Southern Sun and 63% in Holiday Inn).

Meyer Kahn expresses "cautious optimism" about 1989.

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

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

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

Longer term, inflation will tend to help the group, though, judging by the cost of maintenance, not to mention the cost of finance in inflationary times, that is no longer such a sure bet.

At 350c, the share is 23,4 times earnings but at a 24% discount to net assets. In today's market it does not look cheap.

11/6/88 FM

HEERENGRACHT HOTEL

Sunny side up

Southern Sun (SS) is to take over Cape Town's Heerengracht Hotel. The hotel, which closed at the end of January while being managed as a five-star by Protea Hotels, will reopen in October as a four-star unit under the SS banner.

Southern Sun MD Bruno Corte says his group has a 15-year lease on the hotel with an option to renew for another 10 years.

The decision should end months of acrimony between the Cape Town City Council and the building's owners, Bankorp, property arm of Sanlam-controlled Trust Bank.

The row developed last year when Bankorp announced it intended to redevelop Trust Bank Centre, the building that houses the Heerengracht, as an office block and gave Protea Hotels notice. It was one of only two five-star hotels in the CBD.

The council objected on the grounds that it had allowed the tower block to be built in the Sixties on condition it contained a hotel of international standard. When direct negotiations failed, it sought a Supreme Court interdict to restrain Bankorp from closing it.

An out-of-court settlement was reached before the matter came to court, but the hotel had already been closed. News of the settlement sparked off a flurry of interest from hoteliers eager to revitalise the hotel.

SS is to rename the hotel, which will consist of 137 rooms, three boardrooms and an upmarket restaurant and cocktail bar. Corte says marketing will be aimed at businessmen. It will have "no banqueting facilities to annoy them. But in summer it will help us with our convention and tourist business."

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

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

The move tightens SS's stranglehold on Cape Town's CBD, where it already operates the 350-room Cape Sun and the Inn on the Square.

City to get new hotel on old site

ARGUS 17/6/88

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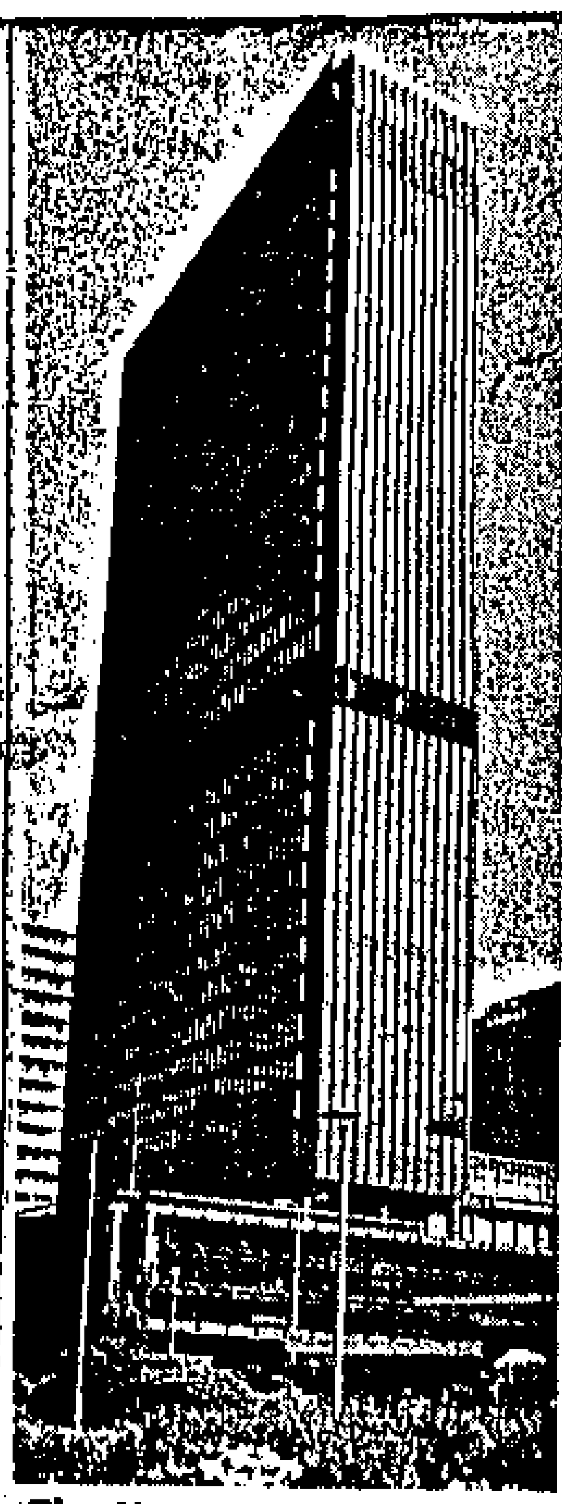

The Heerengracht building.

By TOM HOOD
Business Editor

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

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Trust Bank was expected to spend R2-million on basic improvements.

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With the development of Thibault Square and the St George's Street mall, it was vital to have such a hotel in that part of the city, he added.

Policeman, 20, found dead at Willowmore

Argus Bureau

PORT ELIZABETH. — The body of a young policeman has been found near Willowmore.

Constable Louis Cornelius Cloete, 20, had a bullet wound in his head and a rifle was found next to his body. Police do not suspect a crime.

Police spokesman Major Mike Lombard said a search was launched when Constable Cloete, whose parents live in Calitzdorp, was reported missing on Sunday.

Police found his body near his car on a lonely stretch of road about 2km from Willowmore.

Woman shot dead at city restaurant

A WOMAN died of a gunshot wound in the head at a Claremont restaurant early today.

The 26-year-old woman died at 12.30am, police said. A crime is not suspected.

She could not be identified because her family had not yet been told.

King still in a coma

JOHANNESBURG. — Springbok cyclist Eddie King, 46, is still in a coma in the trauma unit of the Johannesburg Hospital. He has not regained consciousness after being knocked down by a car on Wednesday. — The Argus Correspondent.

IN tomorrow's Racegoer ...

- A detailed preview of tomorrow's Kenilworth Pick 6 by Graham Potter.
- Terrance Millard, with four runners, holds a strong hand in the R100 000 Natal Derby.
- Francois Wolfaardt's weekly column, in which he lightheartedly dissects the racing industry.
- Full previews, with selections, fields and perms for the race meetings at Kenilworth, Clairwood, Gosforth Park and Fairview.

Picture: DOUG PITHEY, The Ar...

DICKEN OR CHUCK? Mrs Adri Viljoen with Apollo II, the duck with an identity crisis. Perched on her shoulo... is a Silky hen similar to the one which reared Apollo.

Apollo II, the mallard who's just quackers about chickens

By REHANA ROSSOUW
Staff Reporter

AN orphaned mallard duck had a bad case of mis(laid) identity after he was hatched by a Silky hen and grew up thinking he was a chicken.

Like Hans Christian Andersen's ugly duckling, Apollo II was blind to the fact that he did not resemble the hen's fluffy chicks.

He was orphaned when his father Apollo I, a wild mallard drake, was mauled by a neighbour's dog on Mrs Adri Viljoen's property in Ceres and his mother refused to sit on her eggs.

Mrs Viljoen took the eight eggs to a friend's farm, where a broody Silky hen hatched one.

The little orphan took the hen to be his mother and refused to join the other ducklings on the farm. He was even afraid to swim in the pond.

He fiercely protected his foster mother from a hand-reared lamb who shared their chicken run by snapping at the lamb when he came close and hanging on to his tail until he moved off.

But alas, Apollo was separated from his chicken family when another of Mrs Viljoen's drakes was killed, and Mrs Viljoen reclaimed him to keep her female mallard company.

"We thought he was going to die. He pined for days and wouldn't eat or leave my hens," said Mrs Viljoen.

Mrs Viljoen's Silky hen wouldn't have anything to do with the hapless duck.

"Apollo took up position at the gate outside my chicken run for two weeks. He couldn't understand why he was being rejected by the Silkys."

But love triumphed in the end.

Mrs Viljoen's female mallard grew impatient with her reluctant swain and decided to teach him about ducks and drakes.

"She went straight up to him and gave him a few impatient quacks. Then she slowly enticed him away from the chickens," Mrs Viljoen said.

Apollo had his first swimming lesson two weeks later.

"It was so funny," Mrs Viljoen said. "He floated on the water for a while with a stunned expression. We could see he was scared.

"Then his feet started moving and since then nothing can stop him."

Brian Baronet still 'critical'

DURBAN. — Brian Baronet is still in a critical condition at St Augustine's Hospital today.

At the insistence of his parents he is still on a ventilator.

Baronet was injured on Tuesday night when he was knocked out in the 10th and last round of his boxing match against American junior welterweight Kenny Vice in Durban.

He collapsed after the knockout and lay, both legs twitching, before he could be raised to his stool. He then went into convulsions and it was about 10 minutes before he could be placed on a stretcher and taken by ambulance to hospital. — Sapa.

Please keep it quiet, Bishops parents told

Staff Reporter

CIRCULARS have been sent to parents of Bishops boys asking them to refrain from public discussion about the controversy surrounding the future of headmaster Mr John Peake.

They were sent by the Diocesan College council, the school's top decision-making body, in an attempt to stop the "plethora of rumours about the headmaster and the college which have surfaced in the Press".

Many of these rumours were "untrue, exaggerated and hurtful", said the letter, signed by Mr B Robinson, vice-chairman of the council.

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

"In the meantime we ask all

City to get new hotel on old site

ARGUS 17/1/88

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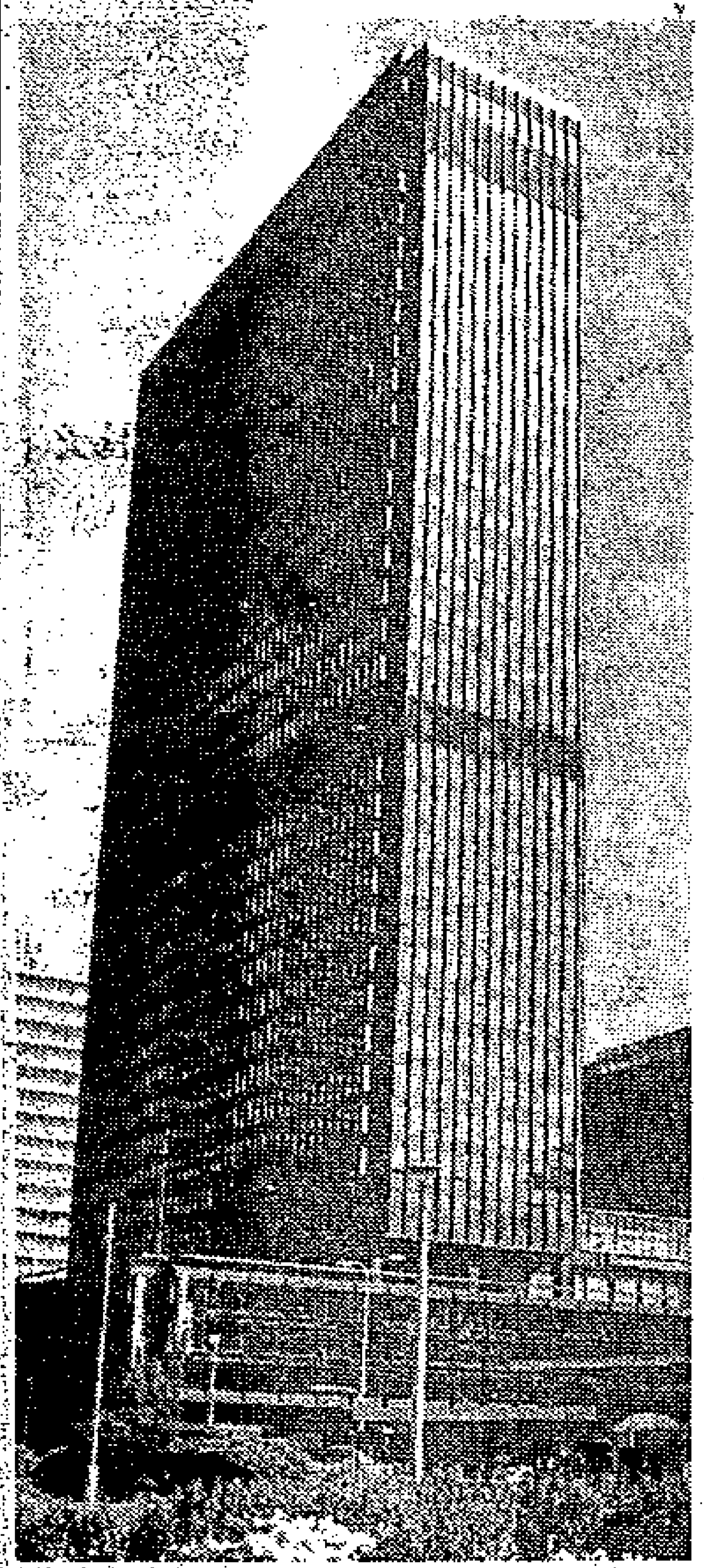

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Trust Bank was expected to spend R2-million on basic improvements.

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Room rates

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MILLY'S 288 FM 17/6/88

More caution

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

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

Unidev became involved in May last year, when it acquired 21,15%, though this was only effective from December. The holding has since been increased to about 30%.

A year ago, the outlook was ostensibly excellent. The Carousel in Sea Point was expected to prove extremely successful. In addition, the acquisition of Deli's was expected to more than double turnover. But EPS, at the halfway stage to December 1987, were up only 0,3c at 3,7c and the Carousel actually lost R103 000. The Carousel was refurbished at a cost well in excess of R600 000, but it was eventually sold for R1,4m, which should have provided a profit.

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

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

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

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

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

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

Pat Kenney

17/6/88 FM 288

Plaza-style shopping malls prove popular

Star 17/6/88

By Frank Jeans

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

Central Krugersdorp is the focal point for the first which is due to open this September, while the other project will be in Benoni with opening date set for September, 1989.

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

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

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

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

The survey revealed that:

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

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

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

Both projects will have the financial backing of Stanbond.

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

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

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

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

Hotel occupancies rising — Kahn

Star 17/6/88 (288)

By Sven Lünsche

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

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

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

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

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

Heerengracht to be redeveloped

Star 18/6/88

TOM HOOD

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

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

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

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

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

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

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

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Southern Sun to get former Heerengracht

Cape Times 18/6/88

258

By AUDREY D'ANGELO
Financial Editor

SOUTHERN SUN is believed to have paid well above market-related rates to lease part of the former Heerengracht Hotel, where it plans to open the four-star St George's Hotel on October 1.

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

Bruno Corte

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

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

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

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

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

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

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

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

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

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

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

Call on govt for hotel allowances

Cape Times 20/6/88 (288)

From HELOISE HENNING

JOHANNESBURG. — Fedhasa says R750m worth of hotel construction was in the pipeline when Finance Minister Barend du Plessis withdrew with immediate effect on June 4 the investment and grading allowances applicable to hotel buildings.

Besides the shot in the arm to the construction and related supply and service industries that may be withdrawn, the long term effect would be to disrupt current investment decisions on the cards for tourism which is pipped for growth.

Fedhasa President Mike Kovensky has submitted to government the broad details "of pipeline projects" in an effort to convince government to treat these projects under the grading system prevailing as at June 3.

Minister of Economic Affairs and Technology Danie Steyn last Tuesday made it clear to Fedhasa the government was not prepared to renege on the implementation of the Margo-proposals which has equalized annual allowances at 2% for industrial and hotel buildings.

However, he indicated that he would consider motivating on merit pipe-line projects to the finance minster to avoid a hiatus in the development of new hotel rooms.

Kovensky said the plans submitted by the hotel industry late last week ranged from projects that were initiated in 1984 to ones as recent as April 1988. One was to start construction on June 22, most would have been completed by the end of 1989, the balance 1990 and one large project by 1991.

"It goes without saying that for projects to have progressed to this stage vast amounts of money have been invested in planning, research, design and surveying. But the amount of R750m also indicates the high level of expectation in the future of tourism in SA.

"While this amount includes only construction costs, consider in the long term the multiplier effect that tourist rand-spend would have for the economy."

The plans show that investment decisions in the hotel industry have a lead time of between four and 10 years, which if disrupted now, could have a detrimental effect on tourism, Kovensky said.

Funds set aside could arguably find better use in the short term. At least one large offshore investor has indicated the withdrawal of his funds under the current uncertainty.

"But in the long term these funds could have been put to better use through stimulating economic activity generated by tourism which has a far wider and more volatile multiplier effect than industrial investment.

"Therefore tourism, which we consider the passport to peace, should be regarded as a strategic industry and be encouraged at the highest level."

Tourism, Kovensky said, grows with population growth and the developed nations propensity toward more leisure time. And the significant investment planned indicates the confidence in SA tourism industry in spite of a torrid history over the past five years.

On the old grading system the investment and grading allowance on average would have resulted in tax credit of R75m per annum for 10 years compared with the R15m per annum for 50 years arising out of the 2% annual allowance.

June 21 1988 7

Resort fees in Natal increase by 15 pc

SStar 21/6/88

288

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

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

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

A spokesman for the board said price increases were necessary as their government subsidy was not keeping pace with inflation.

Room at the inn, but none in Natal's parks

Star 23/6/88

288

People planning seaside holidays in Natal next month still have a wide variety of hotel accommodation to choose from.

However, their chances of accommodation at one of the Parks Board's resorts are virtually nil.

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

As 80 percent of the hotel trade in Durban came from the Transvaal, much depended on the late rush of booking in the week before July 8, when Transvaal provincial schools closed.

WARNING

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

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

The National Parks Board said 11 camps in the Kruger National Park were fully booked until the end of October.

A spokesman for Rondalia said there was limited accommodation available at some of its resorts, but bookings were fairly heavy early in July.

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

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

R2,4m loss for Milly's

Cape Times 27/6/88

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Financial Editor

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

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

Milly's previously published unaudited results for the six months to December showed a net profit of R358 000.

Its shares were suspended on the Johannesburg Stock Exchange (JSE) on June 1 at the request of the directors after a suggestion that the interim figures may have been incorrectly reported.

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

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

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

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

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

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

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

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

Milly's was listed in the Development Capital Market (DCM) sector of the JSE in 1986 and embarked on a rapid expansion programme.

After the failure of its first venture into the restaurant business with the acquisition of the Carousel, Bruchhausen announced that it would concentrate on expanding its retail and manufacturing activities.

It was planned to open 24 new stores in the current financial year and next year through Milly's franchise operation.

Star 9/7/86.

Warning as tourism booms

CAPE TOWN — Foreign tourists are coming to South Africa in droves from Britain, Europe and the East. Hoteliers were reporting figures "starting to surpass the peak of 1984".

But Southern Suns managing director Bruno Corte has warned: "It just takes one incident and it stops tomorrow." He was speaking to Cape Town investment analysts about his group and its future.

The sensitivity of this sector of the market to political events meant the tour trade had become wary of depending too heavily on foreign business.

Mr Corte said: "We would be happy if that (the foreign tourist sector) did not represent more than 15 percent of our business."

However, it was gratifying to note that the number of visitors from abroad was starting to surpass the peak of 1984. (288)

Southern Sun's office in London was now handling double the volume it handled last year, he said.

He noted that the character of the trade had changed.

"In 1984, the United States was the strongest market, and it was growing tremendously. Now there is just a trickle of tourism from the US.

"But tourists are coming from elsewhere. Italy is a country that is showing strong interest, and that's being helped by the direct flights from Rome.

"Germany, Switzerland and Britain are strong — but there is also an emphasis on the East, with significant bookings from Taiwan, and growing interest from Hong Kong, Korea and Japan.

"Australia is also a strong market, and South America is coming back strongly.

"So, with the exception of a few countries, the rest of the world does not see us too badly, and tourism is growing in leaps and bounds."

Highlighting the importance of the Cape, Mr Corte said: "Cape Town has to be on the itinerary for the international market."

Interest waned if tour operators could not get bookings in the Mother City for their foreign clients. — Sapa.

Athlone to be auctioned this week

Str 12/7/88

(288)

Hotel groups, retirement centre developers and entrepreneurs in the sport and recreation fields, are likely to be among the bidders when Durban North's landmark the Athlone Hotel is auctioned on Thursday.

Mr Roy Alderdice auctioneer for JH Isaacs (Natal), says: "Serious inquiries from potential investors are coming in from far and wide."

Situated on a 1,4 ha site overlooking the Umgeni River, the hotel has 40 en suite rooms, three bars, a carvery restaurant, ballroom and parking for 500 cars.

The sale will be conducted in two parts — the hotel, property and business together, then the licence of the Athlone liquor store in Windermere Road.

"The hotel has been trading profitably," says Mr Alderdice. "It is being auctioned only because of the liquidation order against the holding company, Turf Holdings."

The municipal valuation is just over R2 million and bids are expected to be of this order.

Black tourists prefer 'easy-going' Cape Town

ARGUS 15/7/88 (288)

By MICHAEL MORRIS, Staff Reporter

CAPE Town's traditionally liberal attitude to race has been singled out as a key factor in the growing number of black people filling hotel rooms during the tourist season, industry spokesmen say.

Improved wages, chiefly, have given the black community greater mobility and, coupled with the crumbling of apartheid barriers in the recreation sector of the economy, black people are going on summer holidays in increasing numbers.

Problems remain for the black family heading to the Cape, but industry spokesmen say that, of all summer destinations, Cape Town is likely to benefit first from the growing black tourist industry because of its "relaxed" attitude.

Just how conscious hoteliers are of the largely untapped tourist potential the country's black community represents, was revealed recently by Southern Sun Holdings' managing director Mr Bruno Corte.

He told city financial analysts that the number of black people booking into hotels was increasing, and added: "There are 20-million customers who have not yet started to exercise their economic muscle."

He said Southern Sun — which will have 55 hotels with 10 600 rooms across the country by the end of the year — was actively addressing this market.

There are no statistics to show how many black people are booking into metropolitan hotels, or at what rate the figure is increasing.

In fact, this paucity of data is the source of some gratification to the regional director of the Federated Hotel, Liquor and Catering Association of South Africa (Fedhasa), Mr Arnold Brock. It shows, he says, the industry's conviction that a customer's skin colour is of no consequence.

Race records "irrelevant"

"There are no statistics because hotels do not keep records of race. The person's colour or creed is irrelevant to us in the hotel industry."

Mr Brock added: "There is no doubt that in the past two years, Cape Town has received an influx of black tourists, and I would think it is because they feel happier in Cape Town. That's the gut feeling I have.

"To be realistic, one cannot look at it in terms of a boom. It will be gradual, but it will fill a lot of empty beds eventually."

By all accounts, if black people feel happier in Cape Town, the same may not be said of some of the platteland towns they must pass through while travelling to the Cape from inland.

Prominent black businessmen and academics told The Argus recently how they were forced to plan trips through country districts with military precision to avoid unfriendly towns and the indignity of being turned away from the local hotel.

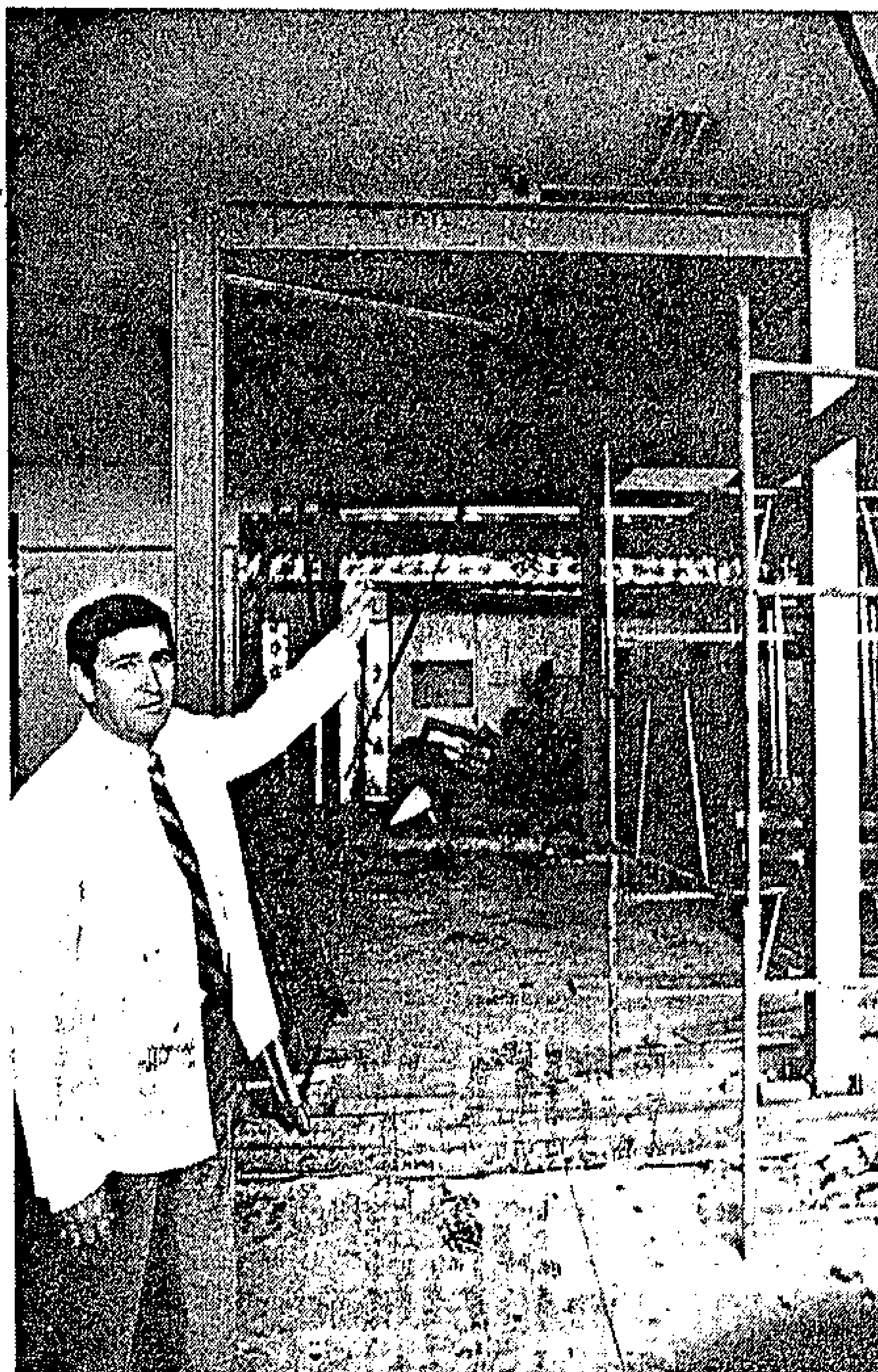
Mr Brock said: "We have a campaign to encourage country hotels to provide more accommodation. We believe it's inevitable black people will begin to travel in increasing numbers, and that the country hotels must gear themselves for better standards and more accommodation."

The hotel industry, he said, led moves to remove racial discrimination.

"We were the pioneers — we asked for the relaxation of the Liquor Act and we got it in 1985.

"I believe the hospitality business can spearhead a great future for South Africa, and I think the Western Cape is going to be the first to benefit because people here are far more relaxed on the issue of race."

Captour reports that its tourist advice centre is handling increasing numbers of inquiries from black people. However, it pinpoints another problem black people may encounter — it says all hotels are non-racial, but some guest houses are not.



Picture: DANA LE ROUX, The Argus.

SCANNER'S HOME: Dr Jan Lotz, president of the Magnetic Resonance Society, points to the heavy steel frame that will encase the City Park Hospital's new magnetic scanning equipment.

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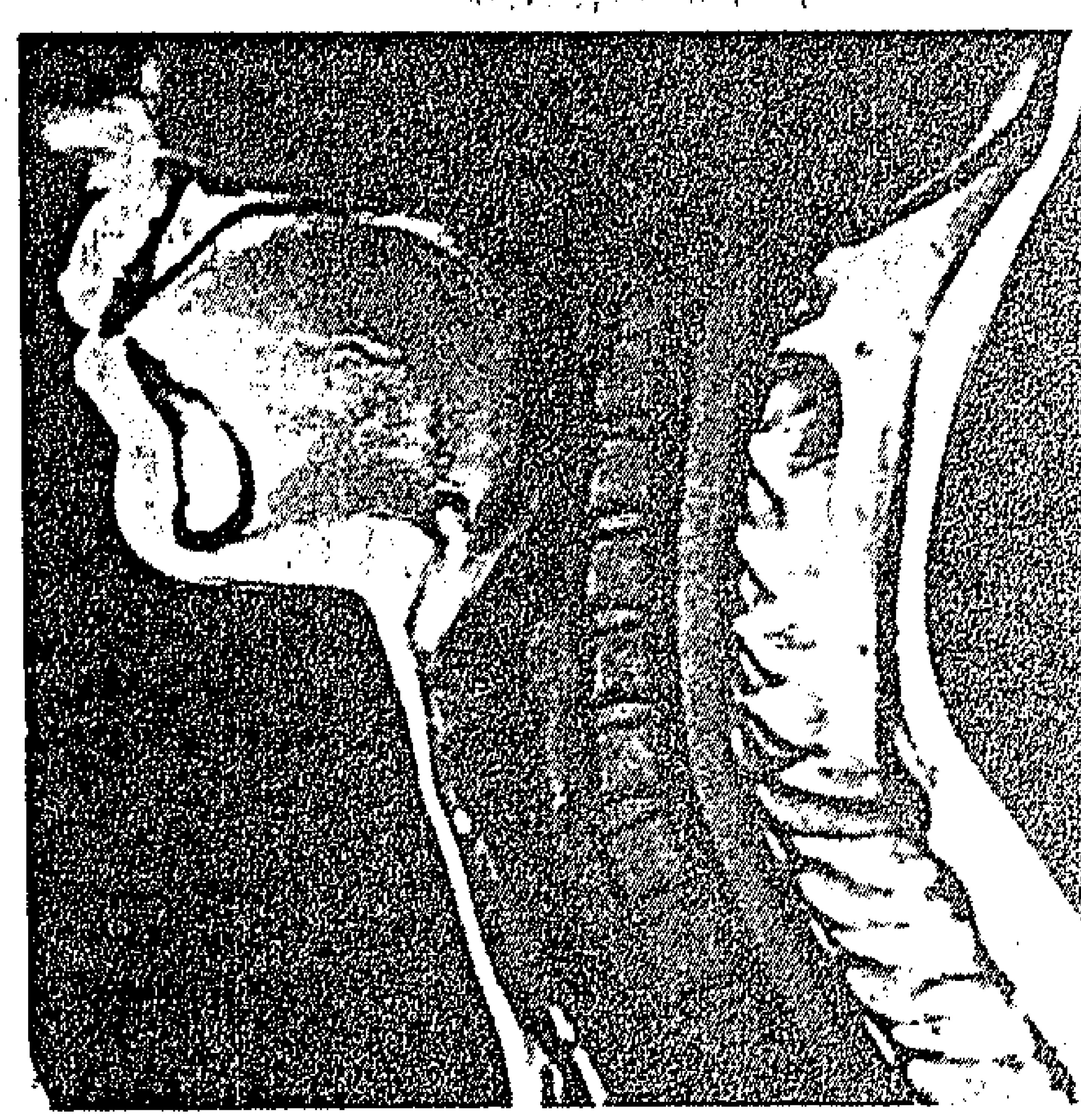

REVOLUTIONARY: This slide, produced by revolutionary magnetic scanning equipment soon to be installed at the City Park Hospital, shows a patient's chin, throat and neck in what radiologists say is remarkable detail.

A sound, to probe t[...] at city ho[...]

Staff Reporter

REVOLUTIONARY magnetic scanning equipment, enabling doctors to see inside the body without using radiation, is being installed at the City Park Hospital.

It will be the first scanner of its kind in the Cape, according to the president of the Magnetic Resonance Society, Dr Jan Lotz.

Considered probably the most important technological advance since the discovery of X-rays in 1896, the magnetic resonance procedure is quick, pain-free, has no known side-effects and produces remarkably clear images.

MAGNETIC FORCE

It can be used to scan pregnant women without harming either the mother or foetus, and, in the case of spinal diagnosis, does not involve injections.

However, the powerful magnetic force that gives the procedure its name means people with pacemakers or other met-

Early indications show 1988 industrial action at low level

ARGUS 15/7/88

JOHANNESBURG. — A survey of man-days lost through strike action in the first six months of this year indicates [...]

"The sectors which have lost the greatest number of man-days through strike action so far in 1988 include the automobile industry and the [...]

as occurred on June 6, 7, 8 and 16.

"Although it is still too early to predict that the year-end

Star 15/7/88

2 major hotel resorts planned for Comores

Sun International announced last night at an elaborate press conference that it had reached agreement with the government of Comores for the operation of two prime hotel resorts on the main island of Grande Comore.

The Comores Islands are situated in the Indian ocean, about 300 km from both the east coast of Africa and north of Madagascar.

Guests were given a taste of what life would be like at the planned hotels at the press conference and cocktail party held at Sun International headquarters, Sandown.

The chairman of Sun International, Mr Ian Heron, said that after 15 months of negotiation, agreement had finally been reached with the government, and the larger R46 million Galawa Hotel would be completed in April 1989.

He said the smaller Itsandra Hotel had been completely gutted and was being refurbished at a cost of R6 million.

Both hotels are situated on the shore line of the Indian Ocean, and are both 20 minutes drive from either side of Hahays Airport on Grande Comore.

Mr Heron said the Comores was a poor country and the development of the tourist industry would have a major impact on the country's economy and infrastructure.

The two hotels will be managed by Sun International through an operating company which will be capitalised at approximately R10 million, Sun International being the major shareholder.

He said the operating company would lease the hotels from a Comorian property holding company called Nouvelle Socotel.

Sun International hoped that about 85 percent of the tourists would be South African, Mr Heron said.

Rand eclipsing Cape as tour centre — hotel survey

Argus 20/7/88

The Argus Correspondent

PRETORIA. — The Cape has been overtaken by Johannesburg as a centre for foreign tourism, judging by hotel occupancy figures.

The findings of a Central Statistical Service survey reveal that the most popular tourism region in South Africa in terms of bed-nights sold was Johannesburg (33,1 percent) which showed a substantial market share increase compared with April (27,3).

The number of bed-nights sold to visitors to the Cape Peninsula fell by 2,6 percentage points and those to visitors to the Garden Route by 2,5 percentage points.

Three-star hotels sold the largest number of bed-nights — 26,8 percent of the total — to foreign tourists during May 1998, according to the survey.

Five-star hotels were second (22,9 percent), followed by two-star (20,4), one-star (15,7) and four-star (14,2).

The market share of five-star hotels increased from 19,1 percent in April as a result of decreases in the total number of bed-nights sold in other star-gradings.

Mainly from UK

Visitors from the United Kingdom still represented the largest group of foreign tourists staying at hotels, increasing to 26,7 percent of the total compared with April (26,3 percent).

The percentage of bed-nights sold to visitors from Africa decreased from 16,3 to 16,2 percent and that to visitors from West Germany from 18,7 to 14,7 percent of the total.

The total number of bed-nights sold to foreign tourists during May 1988 (75 037) was 24 percent lower than the figure reached in April (93 030) and 16,2 percent higher than the figure for May 1987 (64 577).

3-star hotels most popular with tourists

Star 21/7/88

Pretoria Correspondent

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Durban has a boom July

Star 22/7/88

Own Correspondent

DURBAN — By the time Durban's winter holiday season ends next week, nearly half a million visitors will have spent their July holidays in the city, says Durban Publicity Association director Mr Andrzej Kiepiela.

Of five major events, the Rothmans July Handicap, the Gunston 500 Surfing Championship, the 1988 Durban Tattoo and the NBS House and Garden Show have all proved to be smash hits.

The last one is the Cargo Air Show, scheduled for tomorrow at Virginia airport. This is also expected to be a success.

Mr Kiepiela said 230 000 visitors who came to Durban lived in hotels, holiday flats, time-sharing blocks and other paid accommodation, while another estimated 260 000 lived in private homes.

In future, holiday seasons will feature a host of events to draw holidaymakers to Durban.

HOTEL INDUSTRY

288

Starry-eyed

The recent row between the hotel industry and government over the sharp reduction in tax write-offs on hotel buildings — subsequently increased from 2% to 5% a year — had at least one positive element.

The long-neglected one and two-star sector of the industry should be the biggest beneficiaries of the tax restructuring. They do, after all, make up 80% of SA hotels. SA has 10 five-star, 19 four-star, 105 three-star, 236 two-star and 946 one-star hotels.

With five-star hotels no longer enjoying most favoured status with large tax depreciation benefits on building costs and a 50%:30%:20% depreciation allowance over three years on equipment, the focus of future hotel development should swing to refurbishment of existing one- and two-star hotels.

"Internationally, most tourists prefer two-star hotels, as they provide comfortable standards at reasonable cost. I expect many one-star hotels now to follow the refurbishment route," says the SA Tourism Board's (SATB) director of standards promotions, Piet Toerien.

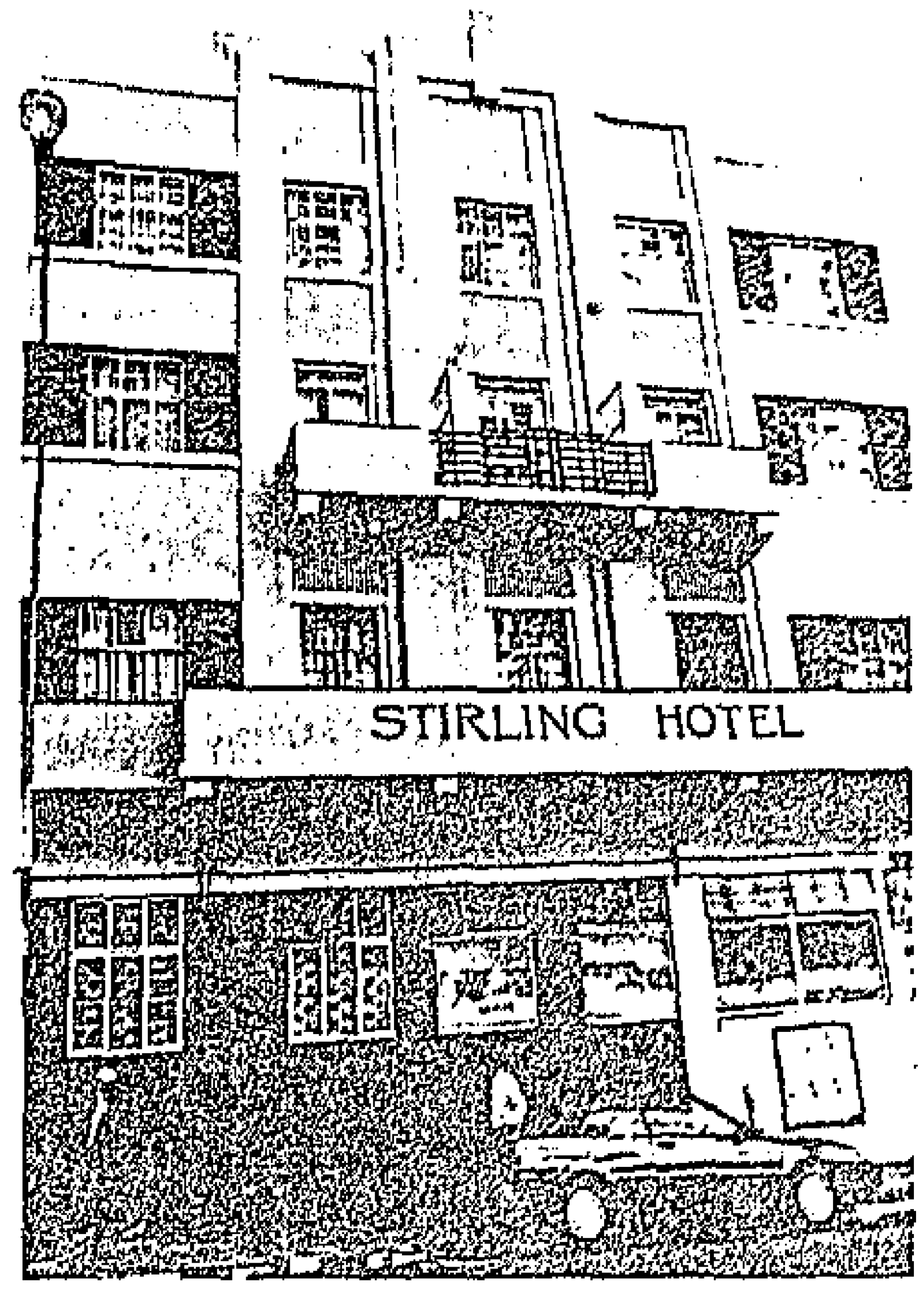
Older, smaller hotels can get maximum tax benefits on equipment by upgrading to meet tourist standards. Ultimately, hoteliers will have to choose between remaining liquor-based businesses, or catering for tourism.

Fedhasa president Mike Kovensky says government's reaction to industry appeals led to a "positive response" from people in the industry. "The changed status of different hotel gradings in the new dispensation, as well as government's response to our complaints, has created a positive stimulus."

Kovensky says the one- to three-star sector will take note of the advantages provided for them. They now have a competitive edge on new projects.

"With the depreciation allowance on movables, one- and two-star hotels can now undertake upgrading projects to boost the value of their investments at a far lower comparative cost than building new establishments."

Provided the low-star hotel has the necessary bathrooms, refurbishment can be done for R5 000-R7 000 a room, compared with



Incentives for smaller hotels

R100 000 a room to build a new, fully serviced hotel, he adds.

Kovensky says more hotel developments on the two-star level, which is the focus of growth in the local tourism market, is good for the local industry — especially considering that, of SA's 50 000 hotel rooms, 25 000 are provided by one- and two-star hotels.

"Small hotels make up 80% of the total in SA and provide 50% of the rooms," he notes.

As far as new developments are concerned, only new projects worth R200m-R250m might still be in the balance (Kovensky was previously quoted as saying new projects worth R750m could be abandoned unless government reconsiders its 50-year tax write-off on all hotels, regardless of star gradings).

"Projects valued at about R500m are on the books of existing developers, who have indicated they will continue as planned. The balance affects new investors in the market who are still doing their sums," he says.

Even here, there is hope that projects might be saved. Kovensky says Fedhasa, the SATB and the Ministry of Tourism will get together to discuss alternative support schemes for the industry.

"We might look at cash grants, low-interest loans or other schemes that exist in most European countries. Government has signalled its support for the industry." ■

22/7/88 FM

facelift

Food 'has room for improvement' despite a big

Jan Smuts restaurants fail to take off with travellers

Star 27/7/84

280

By Sue Olswang

The Airport Services Division of the Fedics Group has spent about R450 000 in refurbishing and creating new facilities at Jan Smuts airport, but some businessmen and travellers are still critical.

Mr Richard Cohen, a director of a leading supermarket chain, said he has noticed an improvement in catering facilities at Jan Smuts airport.

"Catering facilities certainly seem far improved and there are now a lot more restaurants and convenience places," he said. "But service is not always of a high standard and prices tend to be a bit on the expensive side.

"I've also found that food presentation often leaves a lot to be desired. They need more fresh foods and they also need to present them in a more appetising manner."

Mr Cohen said catering facilities needed to staff their areas better during peak periods when restaurants seemed to struggle with huge passenger volumes.

"They don't seem to lay on casual labour to cope with congestion problems, for example during flight delays. At these times service is poor and it's sometimes difficult to even get a hot cup of coffee," he said.

An agent for a large travel agency based in Johannesburg said: "Fedics may well have spent close to R500 000 on upgrading and creating new facilities, but I don't believe anyone has noticed the difference.

"The food at the 'Breakaways' restaurant in the domestic departures section is good and the service is superb, but their prices are too high.

"Passengers have no choice about eating at airport catering facilities while they wait out delays, so caterers can basically serve anything and charge whatever they want to."

Two other Johannesburg travel agents said their passengers had "not noticed" any changes in catering facilities at Jan Smuts airport.

"I don't believe many people have noticed anything new because we haven't had response whatsoever," said the one agent.

However, Mr John Bing, secretary of the Association of South African Travel Agents (Asata), said it had recieved good reports about upgraded catering facilities.

"Most people recognise that they've tried to do something to improve catering facilities, but that's not what the travel industry in general wants to see.

"We want to see money being spent on improving technical facilities because we don't want Jan Smuts to look like a Third World airport with Third World facilities."

The Airport Services Division of the Fedics Group is a catering concessionaire at Cape Town, Durban, Port Elizabeth, Bloemfontein and Jan Smuts airports.

It is in charge of catering in all the restaurants, and also runs the kiosks, shops, bars and cocktail lounges.

This applies to both the domestic and international arrivals and departure sections, as well as transit and non-transit areas, at Jan Smuts, D F Malan and Louis Botha airports.

Mr Nic Podmore, managing director of Fedics Retail Services, of which Airport Services is a division, said his group has spent R450 000 in refurbishing and creating new facilities at Jan Smuts airport over the past year.

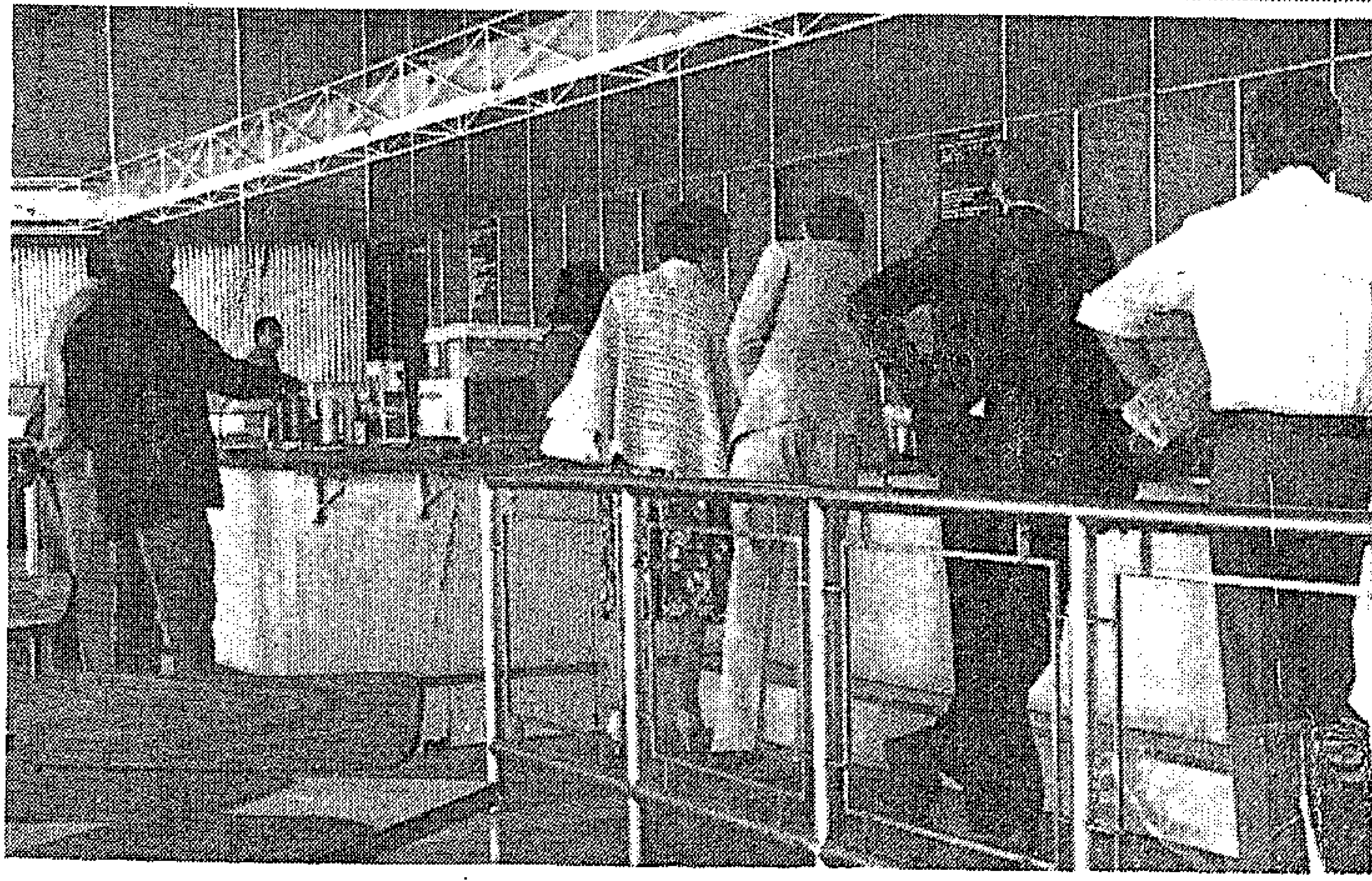
"The Department of Civil Aviation (DCA) accepted most of our recommendations and refurbising ideas, and these have, in the main, already been implemented.

"Clear signs have been put up showing the public how to find our restaurants, kiosks and so on.

"This implementation of our suggestion of neon signs to various facilities was a breakthrough at airports in South Africa."

Mr Podmore said his group was upgrading its Cape Town facilities to the tune of R650 000 and last year it spent R250 000 at the newly constructed domestic terminal at Louis Botha airport.

The upgraded, renovated and newly introduced areas at Jan Smuts airport included two restaurants — Breakaways in the international section and an a la carte restaurant called The Terrace Grill in the domestic arrivals hall; two bars or ladies' cocktail lounges called Skyways and Silver Cloud; three kiosks called Readables Etc., and three Delibites serving fast-food snacks and beverages.



Counter claims . . . airport food has improved tremendously, say many travellers, but they still see room for improvement.

Mendel Akin.

COUPLAND

Non-smokers in 'own areas' in restaurants

Star 27/7/88 Own Correspondent (288)

DURBAN — Non-smokers will have their own seating areas in restaurants in terms of a new recommendation to be considered by the Durban City Council's management committee this week — a change from the original proposal.

It was originally recommended that the city's by-laws be amended to prohibit smoking in restaurants unless a clearly demarcated section was set aside for smokers.

When this came before the committee last week it was decided that the amendment should be reversed to make it incumbent on restaurateurs to set aside areas in their restaurants for non-smokers.

The area will have to be identified by a "No Smoking" notice in prominent lettering that must be no smaller than 10 cm.

CITY

(281) NEWS 2/8/88

Dolly 'insults': Bar boss blasts racists

By JEREMY DOWSON
Staff Reporter

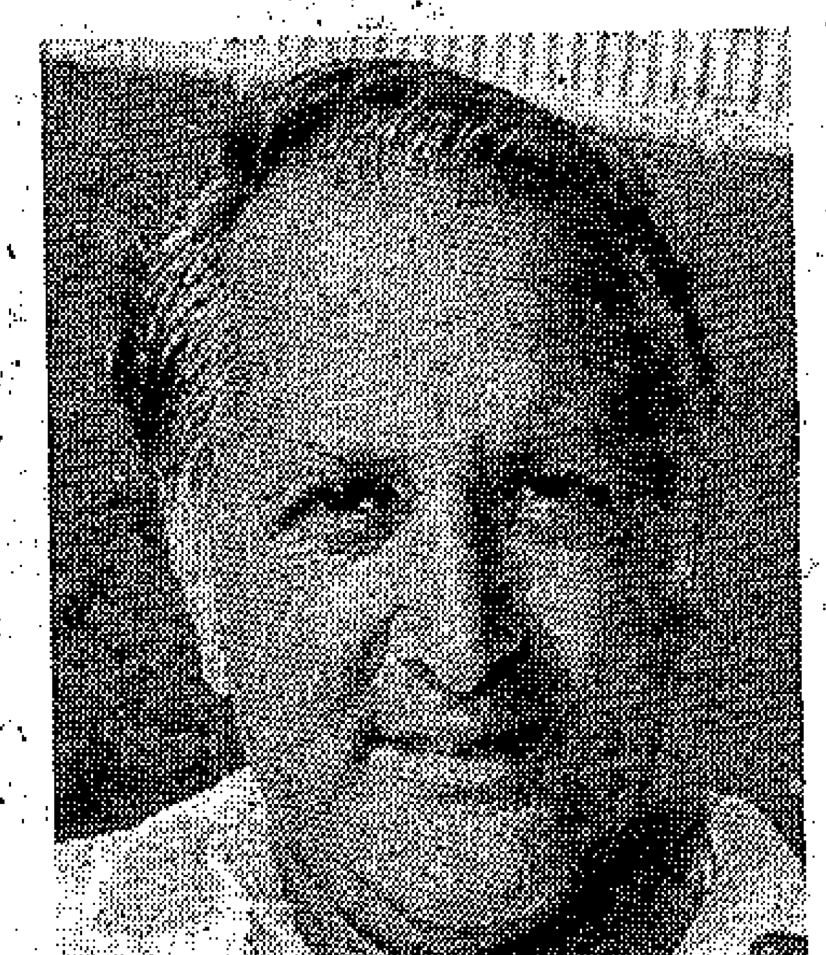
THE manager of the Simon's Town hotel where cricketer Basil D'Oliveira and a friend were allegedly the butt of racial insults said any visitors who made racist remarks would be "thrown out immediately".

Mr Cyril Dunsby of the Lord Nelson Hotel was reacting to a report in Britain's Mail on Sunday which said the Cape Town-born former England batsman and his long-time friend, Wynberg businessman Mr Saleem Musson, were insulted at the hotel last month.

Headlined "A cricketing legend finds it's not so nice to be back where he belongs", the report quoted Mr D'Oliveira as saying "nothing has really changed" in South Africa in the past 20 years.

The newspaper said Mr D'Oliveira, who was accompanied to the one-star establishment by Mr Musson, went into the Lord Nelson bar.

Reporter Jonathan Margolis, who was apparently waiting outside the bar, wrote that "a roar of derision" broke out



Basil D'Oliveira

when Mr D'Oliveira ordered a drink.

Mr Dunsby, who denied any knowledge of the incident, said the bar was open to all races.

"We don't object to blacks, as long as they're respectable."

Asked what would have happened if the management had heard Mr D'Oliveira being insulted by white patrons, Mr Dunsby said: "We'd have thrown them (the whites) out."

Mr D'Oliveira made international headlines when England selected him to play against the Springboks in the 1968-69 tour to South Africa.

The then Prime Minister, Mr John Vorster, refused to accept Mr D'Oliveira, and England cancelled the tour.

The Mail on Sunday, which said it paid for Mr D'Oliveira's trip, reported that he and the other players named for the cancelled 1968-69 tour had been invited by the South African authorities to Johannesburg next year to play against the Springboks of that period.

He told the newspaper: "I've been thinking about that offer and I feel I just cannot do it. It's going back 20 years and nothing has really changed.

"As soon as they say I can live in a white suburb like Sea Point and smash the Group Areas Act, the basis of apartheid, I will be happy to go home."

Mrs Mona Musson said her husband was away on business in SWA/Namibia.

Mrs Musson said she had heard Mr D'Oliveira and her husband talking about an incident at a hotel.

"But I don't know any details."

She said her husband, a former Transvaal cricketer, had known Mr D'Oliveira since the 1950s.

— up 24% from 22 681 to 28 103. But the UK is still SA's leading source of foreign tourists; in the survey period tourism grew 16,6% to 47 779 visitors — up from 40 985 in the same period last year.

Dettweiler says the SATB is projecting a 15% annual growth in foreign tourism from now to the year 2000. The local hotel industry, SAA and the SATB are all basing their future planning and marketing strategies on this estimate. The rand-related attraction of SA for foreign visitors is clearly indicated in recent government hotel statistics.

In December, 26,2% of hotel accommodation in five-star hotels was taken up by foreigners. This rose to 27,6% in January and 31,2% in February — in line with the rand's decline against the major foreign currencies. ■

FOOD RETAILING

288

Biting back

Johannesburg restaurateurs plan to ask the city council either to get tougher with the city's mobile hot-dog vendors or relax regulations governing restaurants.

Most of the pressure is coming from fast-food outlets. Although their concerns are shared by the more upmarket restaurants, the latter are not as threatened by the proliferation of mobile food vendors.

The issue does, however, highlight the general overregulation of the restaurant business.

Laurie Davidoff, joint MD of Bimbos, part of Interleisure in the Kersaf stable, claims it costs R300 000 to start a fast-food outlet, because of the complex legal requirements which have to be met.

Plans must be professionally drawn. "Once approved by the council, it is difficult and costly to deviate from them. Inspectors work by the book."

Regulations, as outlined by city chief health inspector Lionel Andrews, certainly appear forbidding.

He explains that a restaurant, cafe or fast-food outlet must have a kitchen and scullery of at least 32 m² in extent, a storeroom of at least 16 m², a changeroom with a minimum area of 7 m² and separate toilets for men and women.

The maximum-size dining area that may be served from a 32 m² kitchen is 40 m², which may seat 33 diners at the most. If a restaurateur wants to accommodate more diners, he must enlarge the dining area by an extra 1,2 m²/person and the kitchen by 0,4 m²/person.

Restaurants can expect at least one visit a month from health inspectors, who may warn them, prosecute them and even close them down if they consistently contravene the city's food bylaws.

Restaurateurs accept the need for some form of control, but complain that, in an age of deregulation, they are constrained by too much red-tape — unlike their sidewalk competitors. Many regulations, they claim, are out of date or too severe.

Fast food ... but the opposition is slowed by regulations

André Rust, owner of De Fisterman Restaurant, maintains a lot more than 40 people can be served from a kitchen smaller than 32 m², "if it is used productively. And we don't need a 16 m² storeroom.

"Maybe they do in the country areas, but, in Johannesburg, we can order what we need on a daily basis and have it delivered in two hours. I'm paying R20/m² for a lot of space I don't really need."

Limits on hot-dog vendors are less onerous. The council insists their carts, which cost R10 000-R15 000, be made from stainless steel, that they have a refrigerator, equipment to store heated food and hot and cold running water.

They must also adhere to council food regulations and health inspectors are entitled to take samples of their food for analysis.

To protect fast-food outlets, in particular, the council has decreed that vendors have to move every two hours, operate outside the defined CBD area and no closer than 100 m from the nearest source of similar food.

The problem is that many street vendors turn a blind eye to the regulations. They contend it's worth risking a R20 fine to stay in a good position if business is brisk. The fine for operating without a licence in the CBD is R50.

Adds Bimbos' Davidoff: "The fumes of vendors' cooking go whichever way the wind blows. But we have to provide expensive extraction fans, costing around R30 000, to extract the smell of our grilling.

"Moreover, those guys can expose their food to the public right out in the open. But when we lay food out for the public to inspect, we have to provide a sneezeguard to ensure no one can touch it or sneeze on it."

Eric Parker, executive director of Interleisure, which counts Bimbos, Longhorn and Captain Dorego as its fast-food subsidiaries, laments: "It's unfair. We pay rent, we pay taxes, we help improve an area by creating outlets that are acceptable to the public — and to survive we have to provide good food.

"When lunchtime business drops — and most of CBD business is lunchtime business — the vendor moves off. But we're left with our R300 000 investment."

That might sound a little like special pleading, but restaurateurs do seem to have a point. The problem with deregulation is that if you do it for one, you should do it for all. ■

5/8/88

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3/8/88

Cape Times, Wednesday,

Committee quits over blackballing

Own Correspondent

MARITZBURG. — The blackballing of the president of the Maritzburg Chamber of Commerce from the exclusive Victoria Club this week has prompted the entire committee of the club to resign.

Many other members are questioning their continued membership after the application for membership by Mr Kay Makan was refused.

Mr Makan's membership was proposed by former president of the Chamber of Commerce Mr Bill Lambert, and seconded by another former president, Mr Ron McDonald. Both have resigned from the club.

According to a memo on the club's notice board, the committee said it felt the decision not to accept Mr Makan as a member had been orchestrated by a small minority of members.

"It is a particularly sad day for Maritzburg," said the mayor of the capital, Mr Mark Cornell, whose immediate reaction to the snubbing of Mr Makan was to resign as a member of the club.

"After consulting with the committee it seems that a special general meeting is going to be called and it would serve more purpose if I stayed on as a member to register my vote. I will make a decision after that meeting."

The regional chairman of the PFP, Mr Mike Tarr, and the regional youth chairman, Mr Greg Krumbock, issued a joint statement yesterday, expressing the party's "disgust" at the blackballing of Mr Makan.

"We assume that members of the club are ashamed that the man who was elected to lead commerce in the city is not acceptable to the Victoria Club, and we call on them to demand a special general meeting to resolve the matter and to publicly apologize to Mr Makan."

The statement said failing this, members should resign.

Club members approached said they would consider their position after the special general meeting.

Mr Makan was out of town yesterday and was not available for comment.

● Indian members of the Durban Club would not be refused entry to the Victoria Club as the clubs enjoyed reciprocity, secretary Mr M D de Haaff said.

Man went 'wild' with a knife — court told

Staff Reporter

aggressive", then walked towards

Gaborone 'raiders on trial

C.Times 3/8/88

12

272

GABORONE. — Two alleged South African "commandos", said to be linked to a foiled raid on Gaborone on June 20, as well as the manager of a local supermarket, are to stand trial in Botswana's High Court.

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Cape Times, Friday, August 5, 1988 3

Hotel evicted coloured patrons from bar

By CHRIS BATEMAN

THE new owner of the Hout Bay Hotel yesterday confirmed that he had ordered a group of patrons out of his ladies bar because some of them were "coloured", and that he had recommended Guguletu township as an alternative drinking site.

Mr Ted Duyn, a former owner of electronic arcade games who bought the hotel two months ago, said yesterday his bars would continue to admit whites only. He confirmed the sequence of events put to the Cape Times by one of the ejected patrons.

Mr Clarence Ford, an acting assistant manager of the Tyger Valley branch of Pick 'n Pay, said his group had sat down at a table at 9.30pm on Wednesday night. His friend Mr John Lainge was confronted by Mr Duyn when he went to buy drinks.

"He asked John what he wanted. When John said he'd like to buy a drink, Mr Duyn said right of admission was reserved and they didn't serve coloured people."

Soon after this Mr Duyn asked them to leave.

When they asked the owner where else they could go, Mr Duyn replied: "Yes! Guguletu, now go!".

"I was shocked, the blood was boiling in my head, I didn't really know what to do," Mr Ford said.

He said it was his first visit to the hotel.

He had never seen Mr Duyn before and obtained his name from a waiter.

"His voice was loud enough for everybody in the pub to hear," he added.

Mr Ford said he was seeking legal advice over the incident.

Mr Duyn said there were no racial signs at the hotel. He was busy upgrading the hotel and intended "looking at the A-group market".

"In the coloured townships they've got their own bar facilities — we can't have the local fishermen in the ladies bar."

The managing director of Pick 'n Pay, Mr Hugh Herman, described the incident as "appalling" and said he would ask for a report from Mr Ford.

"However, the mere fact that he works for us is not really relevant. He was there in his private capacity," he said.

Cape Times 6/8/88

Blackballed — may reapply

Own Correspondent

MARITZBURG. — It is understood it will be proposed that Mr Kay Makan, blackballed by the Victoria Club this week, be invited to reapply for membership.

The entire committee resigned from office over the blackballing.

Mr Makan, president of Maritzburg Chamber of Commerce, said it was too early yet to decide whether he would reapply for membership if invited to do so.

taking the lead in ensuring that post-apartheid SA would be a non-racial, industrial democracy, Premier Group CE Peter Wrighton said yesterday.

Addressing the National African Federated Chamber of Commerce (Nafcoc) conference at Sun City, Wrighton also called on trade unions to encourage leaders to move into management positions.

"There is no guarantee that post-apartheid SA will be a non-racial, industrial democracy — we may well end up swapping one totalitarian regime for another, where the economy still does not grow quickly enough to meet demands, skilled people leave the country in alarming numbers, productivity remains abysmal and where foreign investment is just a memory."

Some black companies had taken the lead on their own and others with the help of organisations committed to liberating SA's entrepreneurial flair, he said.

"It is now time for you to step out of the shadow of paternalism and take your rightful place in the economy. Black entrepreneurs should learn from establishment big business as much as they can, they should look for possibilities for joint ventures....

"Entrepreneurs should carefully study the mission statements of the large corporations, and press them to live to those philosophies."

He said union leaders' joining management would be beneficial to both business and the union movement, and added: "It is my earnest wish that a black man, on merit, will take my job one day as head of Premier."

Meeting proves an 'eye-opener'

ALAN FINE

THE weekend meeting between 40 businessmen and representatives of "progressive" organisations was notable for the intense willingness of both sides to get to grips with consultation without setting uncompromising demands.

Christo Nel, co-ordinator of the Consultative Business Movement (CBM) which called the meeting with Cosatu and several UDF affiliates, said it had been encouraging to see businessmen getting to grips with political issues. For many the meeting had been an eye-opener on the grievances felt by these bodies.

CBM members included Toncoro chairman Cedric Savage, Southern Life's Neil Chapman, AECI CE Mike Sander, former Judge Anton Mostert and Turner & Newall CE M C Pretorius. The group had several academics and professionals, including Professor Sampie Terblanche.

Nel said the CBM did not see itself as supplanting other business organisations and aimed to "interface" with them.

And now — no hiding place!

DURBAN — Men-only bars are on their way out under the new Liquor Act expected to come into effect in April, Liqour Board chairman Tommy Vorster said yesterday.

"We are doing away with sex discrimination and all bars will become ladies' bars. They will all be open to women," he told the Fedhasa conference in Durban.

Under the new law, Vorster said:

- Hotels and bars would be able to sell liquor from 10am until 2am throughout the week. The same held for Sundays provided food was served;
- Trading hours for bottlestores would be from 8am to 6pm (8pm in some cases) on weekdays, while deliveries could take place until 7pm. On Saturdays they could open from 8am to 1pm, with deliveries until 5pm;
- The Minister of Trade and Industries would be able to intervene and immediately stop the sale of liquor at an establishment where food was "purely incidental." — Sapa.

Fedhasa chief in call to challenge govt decisions

9/8/88

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B|DAY

HELOISE HENNING

DURBAN — The hotel and liquor industry should not accept changes in their business through government policy as the final word, Fedhasa president Mike Kovensky said yesterday.

In his opening address to the conference, Kovensky said government decisions were being taken about the industry without the necessary understanding or prior consultation, while issues requiring urgent decisions and urgent implementation were delayed and discussed ad nauseum.

The delay in implementing the new Liquor Act was a further example of "inefficient management structure prevailing within the parliamentary system", said Kovensky.

Uncertainty

The change in grading allowances would affect the industry in five years time, because at least R250m worth of new investments in hotels, backed by new entrants, were lost because amended tax allowances made return on investment less attractive now.

Uncertainty still prevailed on what was meant by the term "moveable" asset in the new tax allowances scheme which provides for a 50%, 30% and 20% write-off. Kovensky said this would have to be clearly defined.

The termination of vertical integration, while it was aimed at dismantling the economic concentration in the liquor industry, should not be accepted as final.

Kovensky said Fedhasa's reaction would be released soon.

The liquor industry had been hit by an unprecedented round of price increases because of the dominance of a few producer/wholesalers.

Kovensky said the hotel sector had just experienced its best quarter since 1983.

'Delinquent traders' cause losses

DURBAN. — The Government is losing millions of rands in sales tax as "delinquent traders" bring in vast amounts of liquor from the neighbouring states, according to the outgoing Fedhasa president, Mike Kovensky.

In his presidential report presented to just over 300 delegates at the annual conference at Fedhasa at the Royal Hotel, Durban, Kovensky said yesterday that liquor from neighbouring states was not taxed and this enabled traders to sell at low prices — even below the SA wholesale cost price.

He said the new VAT system would improve the situation, but it was not fool-proof.

"Fedhasa will continue to make representation to Government in an attempt to find a solution," he said. — Sapa

Tax changes 'inhibiting'

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Cape Times 10/5/88

DURBAN. — The hospitality industry stands to lose about R250 million worth of new projects because of the government scrapping attractive tax incentives and introducing a system which is not that beneficial, according to the incoming president of The Federated Hotel, Liquor and Catering Association of South Africa (Fedhasa), David Wigley.

Tomorrow morning he takes over officially as president of the country's major private sector movement in the hospitality business which is a R3bn a year industry in the SA economy.

Durban, as SA's premier holiday resort, enjoys a "big piece" of this industry.

He said that in the past, the government made attractive tax concessions and up to last month R750m worth of new projects were planned when the authorities decided to scrap the incentives.

Of this figure, about R250m worth of new projects could be scrapped by developers, most of them newcomers to the industry.

"The hotel grant scheme was based on the rating system which enabled the hotelier a tax grant. However this has been scrapped. Fedhasa then made submissions to the Minister of Finance to replace it with a scheme. While it has been less beneficial, we do believe that it is at least something.

"The new tax benefits will inhibit the growth of more four and five star hotels," said Wigley. — Sapa

Fortune is at stake in Cape fast-food feud

CAPE TIMES 13/8/88 288

THE Johannesburg-based, R40 m-a-year Porterhouse restaurant chain is putting the Cape-based Spur group under mounting pressure, with the strongest challenge yet for a major share of the lucrative Cape family fast-food market.

The next few months will see the battle for the family fast-food market hotting up as Porterhouse increases its presence in the Cape, an area formerly dominated by Spur. BRUCE WILLAN reports on what is at stake.

In the past 10 months two Porterhouse restaurants have been opened in the Peninsula, one in Green Point and the other in Parow, and a third opens next week in Wynberg.

Spur executive chairman Allen Ambor insists he does not see this as a threat to his market share, but the recent changes in Spur's menu seem to be an exercise in preventing Porterhouse from taking the lead in the market, considering that the 21 new items on the menu are priced on par with those of Porterhouse.

The menu now also includes many dishes similar to those offered by Porterhouse.

Menu changes

Ambor, who forecasts in Spur's annual report that the coming year will be tougher as the economy cools down, says the two chains "cater to the tastes of two very different types of clients".

The report stresses changes in the Spur menu, including lighter meals, to make it more flexible.

Ambor, pointing out that this could result in a lower bill for clients who want fewer extras, says this is not a defence against Porterhouse. Public tastes are changing, he says, and Spur is adapting by offering clients a larger variety and catering for the health-conscious.

The fact that Spur is mainly a franchise operation with outlets run by their owners gives it an advantage over Porterhouse, which is run by managers employed by the Interleisure group, he believes.

"They may have a price advantage through bulk buying. But the fact that each of our franchisees does his own buying locally, except for a few items such as sauces, gives each branch an individual character and ensures freshness and high quality.

"We feel this gives us an essential advantage which will bring us out on top."

PORTER POPULARITY: Midweek diners enjoy a meal at the Porterhouse in Green Point. With two restaurants already running and another opening soon in the Peninsula, Porterhouse is making a determined bid to get a major share of the family fast-food market at the Cape. Picture: Obed Zilwa

Everyday needs

Dave Hansen, regional manager for Porterhouse, says Porterhouse restaurants are trying to cater for the everyday needs of people and have priced their menu accordingly.

He claims that since Porterhouse's entry into the Cape Town market it has had a client turnover of about 20 000 people a month, whereas the average is about 3 000 to 5 000 a month; this would indicate a change in the market.

A spokesman for Mike's Kitchen, also controlled by Interleisure (a director of which is the hotel/casino tycoon Sol Kerzner) and until now regarded as Spur's main rival in the Western Cape, says he does not think Mike's will be affected by Porterhouse's entry into the *Cape Town market*.

"We are essentially a family-orientated operation, where Spur and Porterhouse cater more for an adult customer base."

Spur has 67 restaurants countrywide, of which more than half are in the Western Cape. By the end of the year 14 new restaurants will be opened.

Porterhouse on the other hand has 20 restaurants nationwide with the majority on the Reef. With three restaurants in the Cape Town area, the group is looking at further expansion, with at least one more restaurant to be opened before the end of the year, probably in Table View.

Part of Porterhouse's attraction lies in the fact that its restaurants have special offers from time to time, such as free film tickets. This ticket scheme has been made

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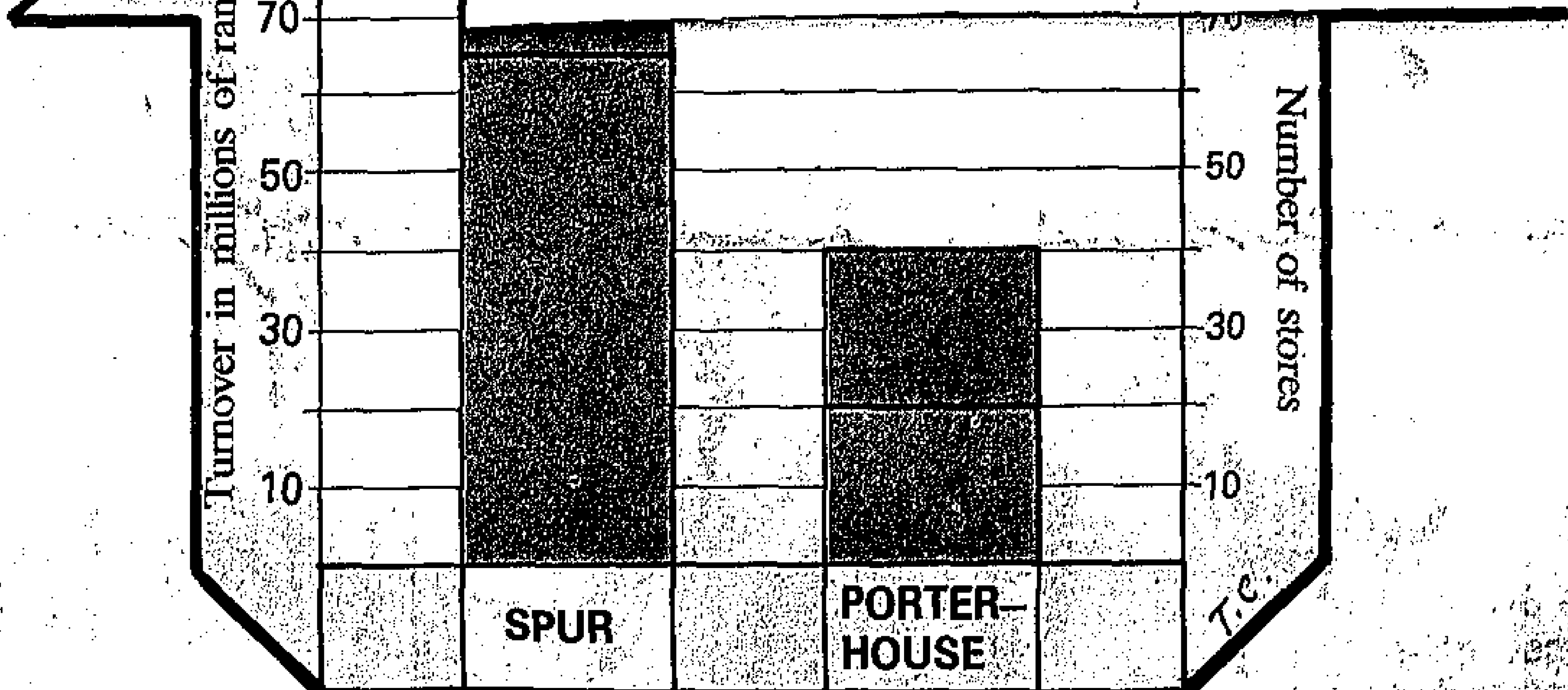

HOW THEY SQUARE UP: This is how, at a glance, the family steakhouse giants square up to each other nationwide as the battle hots up in the Cape for the major share of the family quick-food restaurant market.

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Steakhouse battle

☐ From Page 13

possible by the controlling group's interest in cinemas.

While it was pointed out that this arrangement was "not an ongoing offer now, it would become part of the Porterhouse deal on a permanent basis in "the very near future".

Hansen explained that Porterhouse was setting its sights on the family entertaiment market and there would be considerable interaction between them and cinemas.

Markinor is doing a survey of the market. Figures are not available but could reveal how large this market is and whether it justifies the existence of two similar steakhouse chains.

Turnover of Spur during the last financial year of R90 m suggests that the Western Cape contributed more than R45 m to this figure while turnover for Cape Town itself was not known.

Porterhouse's turnover is in the region of R40 m a year and while figures are not available on percentage contributed by the Cape Town restaurants, it is suggested that it is in the region of R6 m a year — or a turnover of R2 m a restaurant.

Hansen indicated this was a target figure for the new restaurants which Porterhouse opened and expected it to grow with the market.

The cost of setting up a new restaurant by each group varies considerably. Spur, being a franchise operation, requires a considerable up-front cash payment; then there are funds which have to be paid into on a regular basis. In addition to this a percentage of profits is paid to the franchisor.

Porterhouse, on the other hand, tends to take over restaurants which are not doing too well and adapt them to its own use — which can be advantageous as the basic infrastructure and client base is there already.

Mount Nelson Hotel sells for £6m

CHRIS CAIRNCROSS

CAPE TOWN — THE Mount Nelson, Cape Town's "old world" luxury hotel in the Gardens, has been sold by its UK owners British and Commonwealth for £6m in a deal concluded only last night.

The purchaser is Oriental Express Hotels, a group quoted on the New York Stock Exchange and 60% controlled by Bermuda-based Sea Containers.

The "Nellie" does, therefore, remain in foreign hands. But the new owners would be willing to sell up to 50% of the equity to SA partners, said James Sherwood, president of Sea Containers.

Unicorn Lines and Grindrod Shipping founder Murray Grindrod has, apparently, expressed interest in a share — and was very much in evidence yesterday when the sale was announced.

(88) B/Day 19/8/88

'Nellie' sold for R25-m

Cape Times 19/8/88

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By JIM FREEMAN

CAPE TOWN'S landmark hotel, the Mount Nelson, has been sold for more than R25 million to a leading international consortium that aims to make the city the focus of a major world tourism drive.

The president of Bermuda-based Sea Containers Ltd, Mr James Sherwood, said contracts had been exchanged with the British Commonwealth Company — the present owners of the Mount Nelson — on Wednesday night.

The deal includes not only the Mount Nelson but also several properties surounding it — regarded as some of the city's prime real estate — such as the Helmsley Hotel, the residential annexe housing the Mount Nelson staff and a number of residential and commercial properties backing on to Kloof Street.

Mr Sherwood said the figure agreed upon by the

To page 2

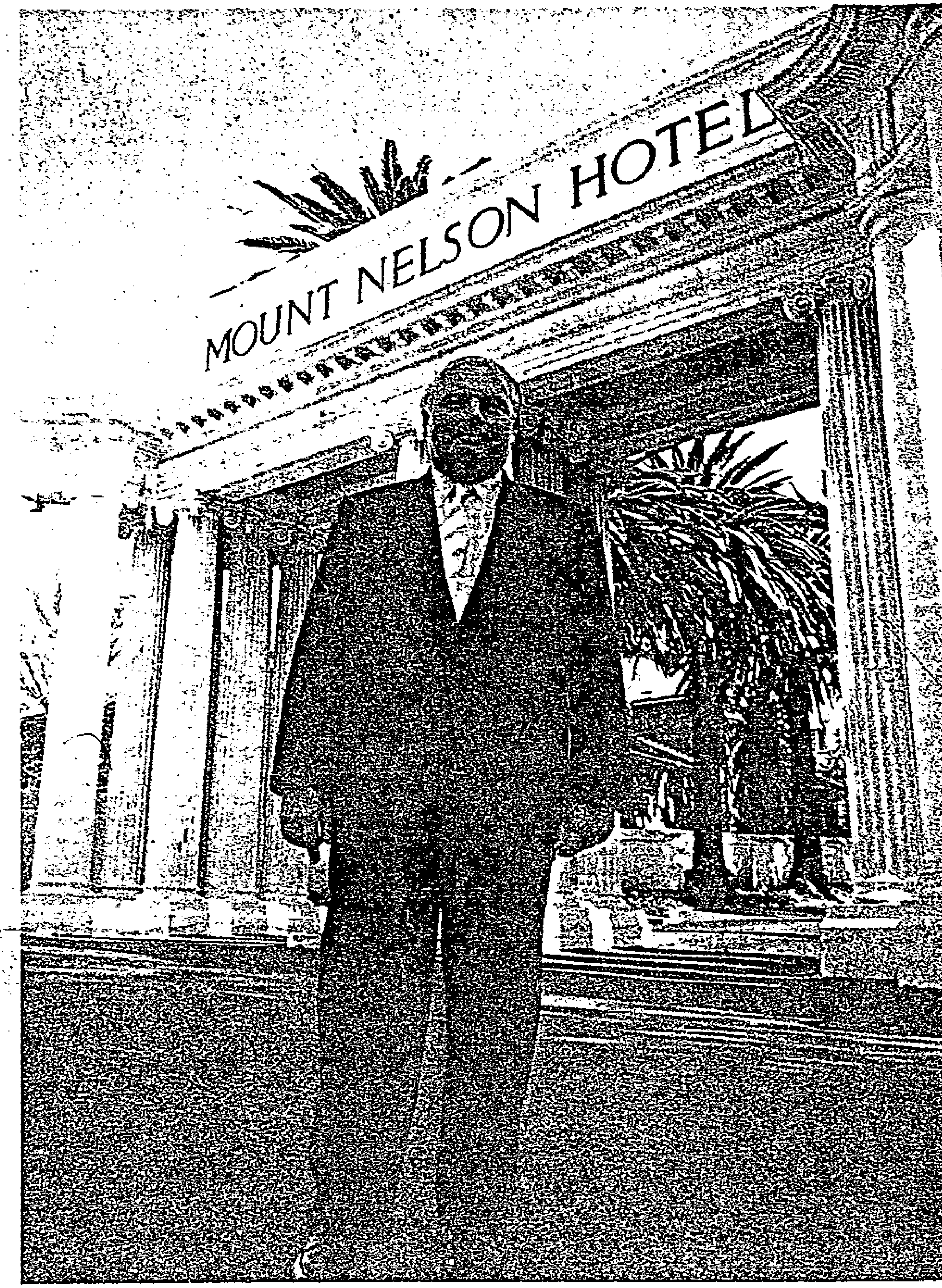
Sherwood now eyes Blue Train

THE Bermuda-based consortium Sea Containers also has its sights set on the South Africa's world-renowned Blue Train.

The group has has a major share-holding in Orient Express, the company that runs the de luxe trans-European train made famous by the Agatha Christie murder mystery.

"Based on our experience in running the Orient Express we will approach the South African government on the possibility of managing the Blue Train," said Mr Sherwood yesterday.

"We approached the government a couple of years ago on the possibility but were turned down. However, there appears to have been a change of heart and we hope we can add the Blue Train to our operation."



NEW OWNER . . . Mr James Sherwood outside the Mount Nelson, the hotel he is hoping will become the focus of an international tourism drive.
Picture: GLENN SHERRATT

R.T.O

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two companies was £6 million in an "off-shore deal" between the British firms.

The planned second phase in the process of once again making the Mount Nelson one of the world's top hotels was to offer South African investors a shareholding of "up to 50%" equity in the hotel, he said.

"There will be no dramatic changes to the hotel. The changes will be slow in coming and only made after we have taken a good look at the needs of the marketplace," he said.

Mr Sherwood said that about 70% of visitors to the Mount Nelson came from abroad and added that Sea Containers' network of travel-related subsidiaries would strongly promote Cape Town as a destination.

"We have 75 people in London, as well as offices in Paris, Dusseldorf, Milan, Tokyo, New York, San Francisco, Dallas and Rio de Janeiro."

He said the success of marketing Cape Town and Southern Africa as a tourist destination could prompt the company into buying more five-star hotels in the sub-continent.

"People in Europe want to see wild animals and they want to see natural beauty. What we could do is first take tourists to Kenya before bringing them to Cape Town."

There was "plenty of room to expand the Mount Nelson", and Sea Containers had "already been virtually convinced of the need to add another 50 rooms" to the 150 rooms at the hotel.

"I don't believe that a de luxe hotel can provide an extremely high level of service with more than 200 rooms.

"The hotel facade will not change, it is part of the Mount Nelson tradition and we do not want the hotel to become another Southern Sun-style hotel.

"If the Mount Nelson changes its image, it will go down," he maintained, adding that Sea Containers did not anticipate any short-term staff changes.

"Our personnel policies will be dictated by local considerations. We have got to be responsive to requirements on a local level," said Mr Sherwood.

● See Page 8

CAPE TIMES 23/8/88

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Pleasure Foods earnings up 38%

JOHANNESBURG. — Pleasure Foods, Anglovaal group's operator and franchisor of fast-food outlets which was formerly Juicy Lucy, has announced earnings of R3,4m for the 13 months ended June 30 — equivalent to 8,4c a share based on the weighted average of shares in issue — has increased its dividend to 3c (1987: 2,5c) a share and expects a significant improvement in the current year's results.

For the year ended May 31, 1987, the attributable profit was R0,5m or 6,1c a share, on the old capital.

Thus, the 13-month earnings reflected a 38% rise.

Consolidated turnover was an impressive R68m (1987: R9,2m) and this resulted in a pre-interest and pre-tax profit jump to R5,2m (R1m).

The board reports that the Wimpy division returned exceptionally good results, but the Pizzaland/Pizza Hut rationalization was more disruptive than expected on trading results and led to a loss.

The Juicy Lucy division reported improved results as did BJ's Pantry.

With interest-bearing debt increasing to R6m (R0,6m), the interest paid factor rose to R0,5m (R0,1m).

The pre-tax profit was R4,7m (R0,9m) but the tax bill absorbed R1,3m (R0,4m).

Pleasure Food's share of associated company earnings was fractionally above its minority interests payments, leaving earnings totalling R3,4m (R0,5m).

In spite of the acquisitions and increased business activity, gearing was still a very commendable 11,9%, while net worth at the year-end rose to 133c (35c) a share. — Sapa

Wimpy Bar plans to tighten security

WIMPY Bar franchise holders from around the country will meet in Johannesburg today to discuss the tightening of security arrangements, after yesterday's limpet mine blast in an East London Wimpy.

The blast injured 23 people, two of them seriously.

Pleasure Foods MD Vincent Hays said atrocities such as the East London blast "must be eliminated forthwith".

His company had had discussions with Law and Order Minister Adriaan Vlok, "who has expressed his concern and has assured us the necessary steps will be taken to ensure the safety of our customers".

Fedhasa's executive committee had also been asked to call an urgent meeting to discuss additonal security measures, Hays said.

Yesterday's bomb-blast was the third at a Wimpy Bar in 26 months. On July 30 this year a bomb exploded in a crowded Wimpy Bar in Benoni, killing one person and injuring 56. A blast at the Rissik Street, Johannesburg, Wimpy Bar on June 24, 1986, injured 18. — Sapa.

Citizen 2/8/88

SPUR STEAK RANCHES 26/8/88

Two-way choice

The swallowing up of all the listed competitors by Interleisure leaves no yardstick against which to judge this steakhouse chain. But on the face of it, it was a good year, with turnover up 55% and attributable earnings improving 72%. Twelve more franchised outlets were opened, taking the total to 62. The Hard Rock franchise company acquired at the beginning of the year was successfully integrated and produced profits ahead of warranted levels.

Chairman Allen Ambor says a new menu at all Spur outlets will have 20 new items, giving more flexibility and lighter meals. Hard Rock has also broadened its steak range.

Advertising and promotions policies have been revamped, with a view to further improvements in sales. The network of franchised outlets continues to expand, which should also increase earnings potential. But Ambor is concerned that government's fiscal needs may erode consumer disposable income and slow growth prospects.

Spur Steak Ranches itself is purely a franchise operator: **Spur Holdings** not only has effective control of Ranches, but also operates under franchise from four Cape restaurants. These provide 62% of its net income, against 38% in attributable earnings of Ranches. While at this stage Ranches sees no need to retain earnings, as no financial aid is extended to new franchisees, Holdings held back R230 000 last year, equivalent to about 25% of its own operating income.

Both companies were upgraded from the DCM to the main board. The group continues to investigate possible further acquisitions, but so far none has proved suitable.

Analysts disagree whether pure franchise income (franchise fees, advertising costs recouped and revenue from restaurant supplies) should be more highly rated than operating income. Certainly, as it bears no part of losses should a franchisee go bust, Ranches' income is steadier; on the other hand, operating profits from a focused group of restaurants could offer greater growth potential.

The market seems to think these considerations cancel each other out, and the two shares are generally priced on a similar yield basis. Commendably, both are still standing well above their issue prices, of 40c for Ranches in May 1986 and 70c for Holdings a year later. Both are naturally well off their 12-month highs, and historic yields of 7,5% or so should not — at worst — carry much downside risk.

Michael Coulson

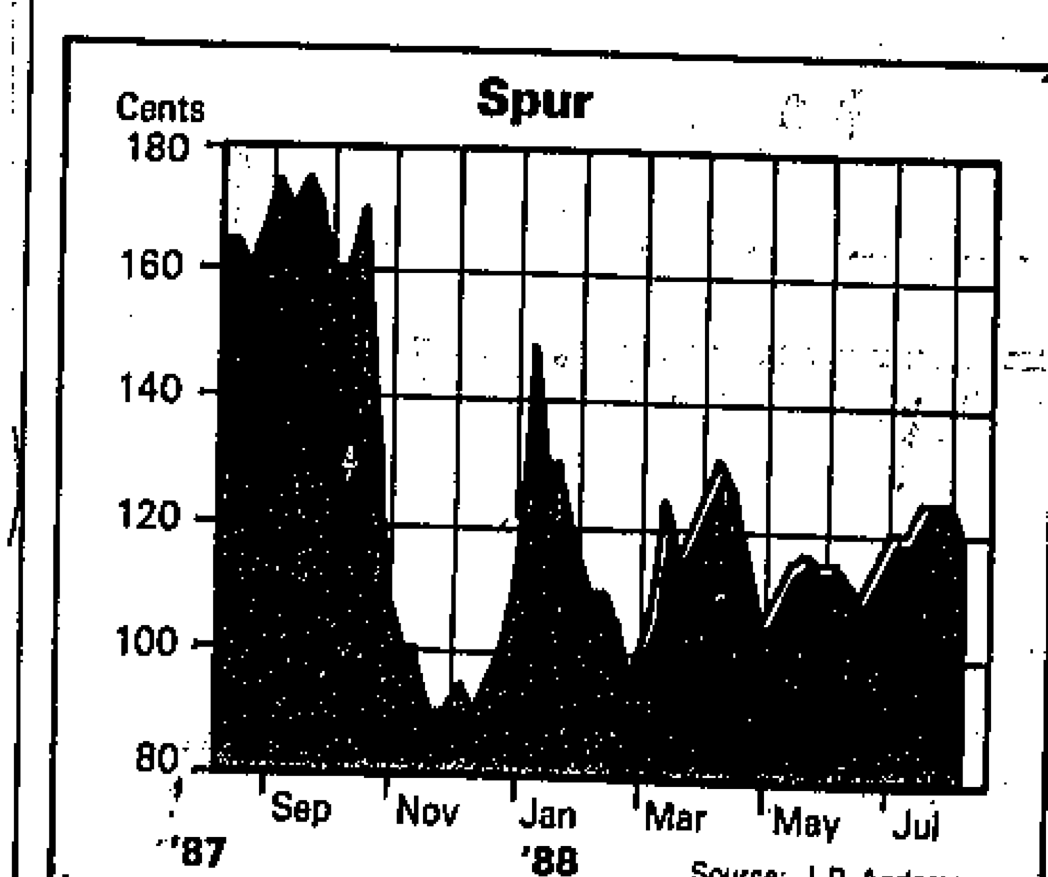
Activities: *Operates the Spur and Hard Rock restaurant franchises.*
Control: *A 47% stake is owned by Spur Holdings, of which the directors own 58%.*
Chairman: *A J Ambor; managing director: G Topat.*
Capital structure: *12,5m ords of 1c; 2,375m 5% cum red convertible prefs of 1c. Market capitalisation: R15m.*
Share market: *Price: 120c. Yields: 7,5% on dividend; 7,5% on earnings; PE ratio, 13,3; cover, 1,0. 12-month high, 187c; low, 90c. Trading volume last quarter, 1,2m shares.*
Financial: *Year to February 29.*

	'85*	'86*	'87	*'88
Debt:				
Short-term (R000)	—	—	21	10
Long-term (R000)	—	—	24	187
Shareholders' interest	—	—	0,82	0,79
Debt cover	—	—	16,8	6,6

Performance:

	'85*	'86*	'87	*'88
Return on cap (%) ..	—	—	23,0	32,5
Turnover (Rm)	1,6	1,9	3,6	5,7
Pre-int profit (Rm)......	0,6	0,7	1,4	2,2
Pre-int margin (%)	36	37	39	39
Taxed profit (R000)	305	370	732	1 246
Earnings (c)	—	—	5,6	9,0
Dividends (c)	—	—	5,5	9
Net worth (c)	—	—	39	41

* Pro forma figures from prospectus



FM 288

MOUNT NELSON 288

26/8/88

In search of glory

The sale last week, for R25m, of Cape Town's historic Mount Nelson Hotel ended months of speculation over the "Nellie's" future and finally laid to rest suggestions that the famous pink palace was to be knocked down to make way for residential development.

The hotel was sold to Bermuda-based Sea Containers Ltd (SCL) by the British Commonwealth company. SCL, an international consortium with assets worth a reported US$1,4bn, is quoted on both the London and New York stock exchanges. Its main business is the leasing of marine containers, container ships and cranes. It operates in 95 countries around the world and also owns luxury hotels in North America and Europe.

SCL president, James Sherwood, said in Cape Town last week that his company planned to restore the hotel to its former glory as SA's top luxury hotel. He hoped to make it a major drawcard for foreign tourists. Although still favoured with a five-star grading, the Mount Nelson is considered to have slipped in recent years from what many patrons regarded as the country's premier hotel to about halfway down the top 10 list.

Sherwood says SCL has plans to offer SA investors a 50% stake in the hotel. He says no major changes are on the table and expects the 70% foreign occupancy rate to continue.

The deal with British Commonwealth involved the Mount Nelson and its rambling gardens, the neighbouring Helmsley Hotel, and a number of adjoining properties including staff quarters.

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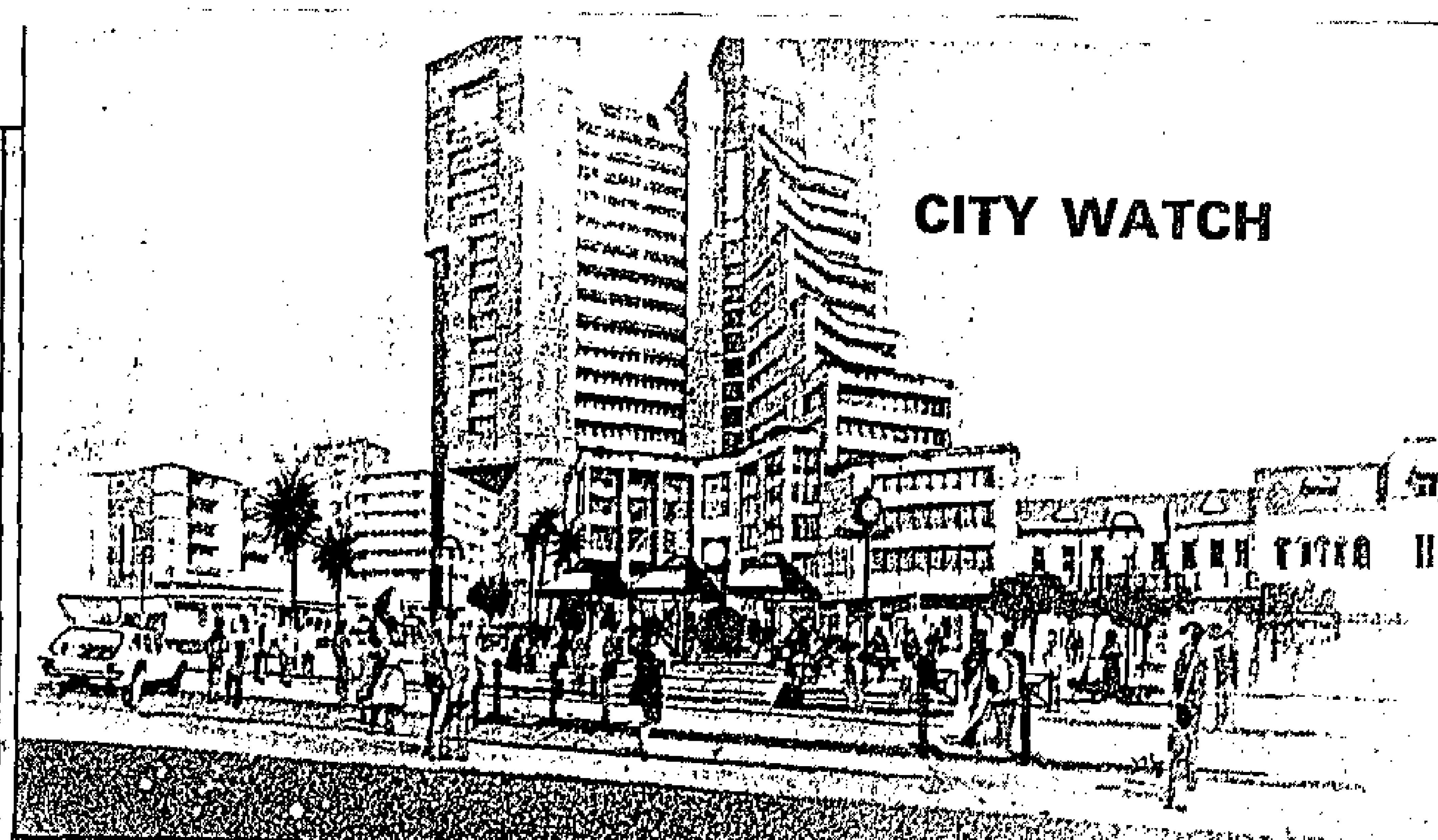
CITY WATCH



An architect's impression of Sanlam's new shop and office complex in Windhoek, being built by International Construction. Work on the 12-storey building on the corner of Kaizer and Peter Müller streets should be complete by the end of May.

SOUTHERN SUN 2-88

Not blue skies

Much has been written about the operational gearing of Southern Sun (Suthsun) and its ability to swing into profit on the strength of higher room occupancies. Chairman Meyer Kahn was less ecstatic recently when he described the group not as having recovered, but rather as sitting up and taking liquids.

The earnings improvement in the year to end-March was substantial, though. EPS leapt from 2,7c to 14,9c and turnover climbed by 19,5% to R314m. Room occupancies at 57% remained above the industry average of 54% and a major improvement came in the second half of the year, when they reached 61% against the year-ago 54%. What was more encouraging was that the group, excluding dividends from the Sun International, Southern Sun Timesharing and TFC interests, made a profit of R1,3m against a loss in 1987 of R235 000.

More overseas tourism was important in helping the industry to its feet. This is the cherry on the top, as it represents less than 10% of room nights sold, but an increase of 50%, such as occurred last year, can make the difference between profit and loss.

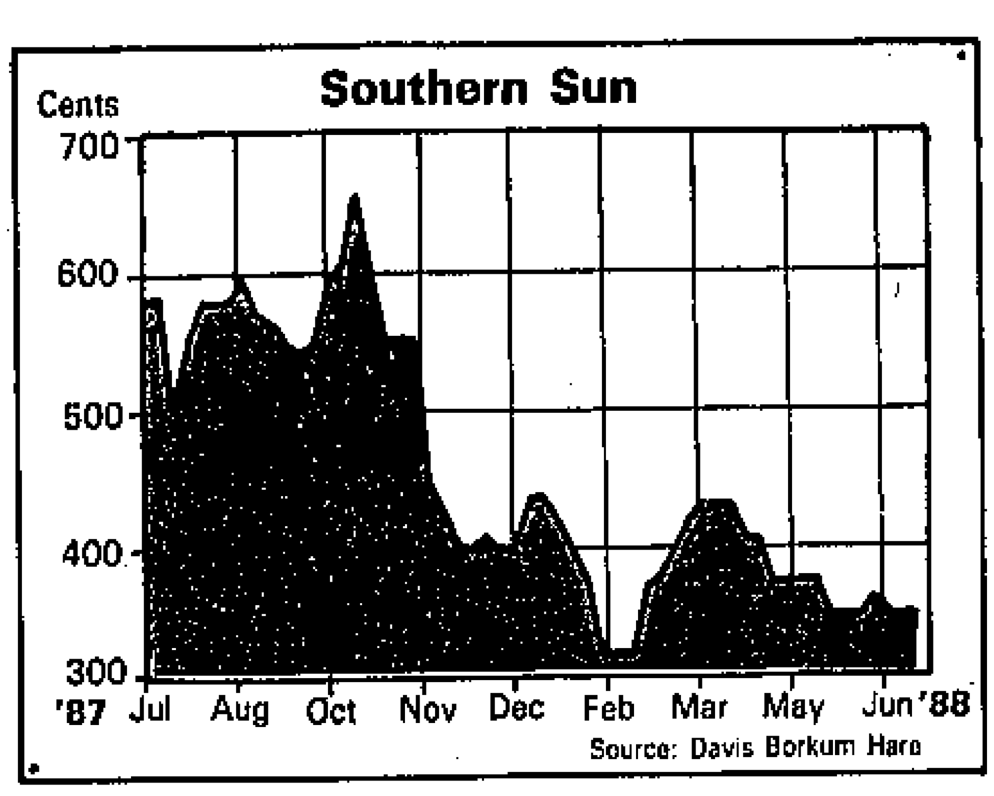
The other side to that coin is that international standards have to be maintained and payments for refurbishing are high. Kahn gives this as the reason for the rise in financing costs, including preference dividends to outside shareholders, of 17%. Fortunately, the refurbishment programme is expected to tail off from 1990.

Despite these problems and the surplus capacity in the industry — though there are certain areas and periods when accommodation is hard to find, as anyone trying to find a room in Cape Town in high season will agree — Suthsun has continued to expand. The Drakensberg Sun added another 150 rooms in December, before the recent fire closed it again (costs of reinstatement will total R5m but are covered by insurance); a 150-room hotel is to be opened in Bloemfontein; a 100-room luxury lodge is to be built at Malelane; and just announced is the takeover and planned refurbishment of the Breakers Hotel in Umhlanga Rocks through Southern Sun Timesharing.

Granted the debt:equity ratio is low enough for expansion on this scale, but one wonders whether it would not be wiser to wait until the pre-interest margin was somewhat higher than last year's 0,4%.

An important reason for the low margin is the high escalation in costs. Though Suthsun's employees are claimed to be the highest paid in the industry, there continue to be labour disputes, the latest arising from workers' demands for paid holidays on May 1 and June 16. A country-wide strike is threatened, which could take a large chunk out of the carefully nurtured profits, especially if it occurs in high season.

The operational gearing argument remains valid and could mean substantially increased profits this year. But a number of factors could cut profits sharply, including strikes. There thus remains a speculative element to the share. *Pat Kenney*



Activities: *Owns and operates hotels; has 20% of Sun International; 50% of Southern Sun Timesharing; and 50% of TFC.*

Control: *SA Breweries has an effective 68,4%.*

Chairman: *J M Kahn; managing director: B Corte.*

Capital structure: *70,3m ords of 10c. Market capitalisation: R253m.*

Share market: *Price: 360c. Yields: 2,8% on dividend; 4,1% on earnings; PE ratio, 24,2; cover, 1,5. 12-month high, 680c; low, 315c. Trading volume last quarter, 360 000 shares.*

Financial: *Year to March 31.*

	'85	'86	'87	'88
Debt:				
Short-term (Rm)	37,2	35,3	61,6	5,9
Long-term (Rm)	33,3	45,1	38,5	87,5
Debt:equity ratio	0,33	0,23	0,24*	0,19*
Shareholders' interest	0,69	0,76	0,83	0,76
Int & leasing cover	n/a	n/a	0,95	1,54
Debt cover	n/a	n/a	0,09	0,19

Performance:

	'85	'86	'87	'88
Return on cap (%)	9,8	3,3	1,9	2,2
Turnover (Rm)	130	224	263	314
Pre-int profit (Rm)	30,2	15,0	8,8	14,2
Pre-int margin (%)	23,2	6,7	n/a	0,4
Taxed profit (Rm)	25,0	2,0	(1,9)	4,8
Earnings (c)	45,1	4,4	2,7	14,9
Dividends (c)	32	3	2	10
Net worth (c)	379	378	427	480

*Net of cash

Low occupancy closes 200 rooms at Carlton

B/day 30/9/88

MANDY JEAN WOODS 288

TWO hundred rooms of Johannesburg's Carlton Hotel are to be closed from October 1 as a result of low occupancies.

In a statement yesterday, hotel management group Three Cities chairman Russel Stevens said the hotel hoped to "maintain a cost-effective profitable operation".

"By running a tightly controlled operation we are well positioned to keep costs as low as possible while still providing the best service in town."

Stevens said the rooms would not be closed permanently.

A hotel employee, who declined to be named, said occupancy at the Carlton averaged just under 50% this month and just over 50% for the year to date.

The employee said no decision had yet been taken on how long the rooms would be closed. "But they are unlikely to be opened this year," he said.

The move follows a R7,5m refurbishment of 400 of the hotel's 663 rooms. The first phase of the refurbishment began in January with 200 rooms, and will end with the second phase (200 rooms) being completed this weekend.

"The refurbishment coincided with the opening of our new Premier Class rooms for businessmen. It has been so successful since its launch in July that we are currently looking at expanding this facility," Stevens said.

The Premier Class, extending over four floors and incorporating 120 rooms, functions separately from the main hotel.

80 years on — and still the cafe-hawker row simmers

By Jane Dutton

HAWKERS and cafe owners are arguing bitterly, accusing one another of territorial poaching.

The feud has been simmering since 1907 when hawkers first clashed with cafe owners.

The Catering, Tearoom and Restaurant Association (CTRA), representing the cafe owners, has launched a campaign to restrict hawkers by enforcing health laws.

African Council of Hawkers and Informal Businessess (Achib) publicity secretary Vicki Sussens says that by disallowing this informal sector to develop, retailers are setting up a monopoly.

"Some manufactures are supporting these carts, but they are scared to do so openly," says Miss Sussens.

"Employment provides a stable community. Hawkers do not spend their lives on the streets. Today's hawkers are tomorrow's shopkeepers."

CTRA believes lower standards bring the food trade into disrepute. It says health laws affecting perishable food are difficult to implement and should be more stringent for hawkers.

Chief executive Frank Swarbeck says: "It is unfair that cafes and small shops have to undergo strict health checks and not the hawkers."

Miss Sussens replies: "The health aspect is a red herring. If there were a problem, why have the public not complained?"

Hawkers have been receiving "smoke and smell" complaints since 1907 and she believes the underlying grievance is that of unfair competition.

"Cafes complain when a hawker is too close to their business and sells similar goods to theirs. This is silly because cafes have hundreds of different brands and hawkers only a few."

Hawkers and cafe owners should not be fighting, says Miss Sussens. They could help one another by working together — people buying from a hawker could see something they want in a cafe, both sides benefiting.

Mr Swarbeck says: "It is tough on cafe owners who pay a high rent when someone intrudes on their business. Overtrading can be a bad thing."

Achib disagrees, saying the success of Tembisa, which accommodates 2 500 informal businesses, is an indication that all groups can survive.

CTRA says: "We subscribe to providing employment, but hawkers must stick top the rules."

Mr Swarbeck says: "It is ludicrous to say we don't welcome competition. Cafe owners also have carts and we encourage this. The war is among the hawkers themselves."

Star 28/7/88

Scrapped Act 'influences behaviour'

288 23/9/88 Sowetan

POLICE behaviour was substantially influenced by the scrapping of the Immorality Act, a Pretoria clinical psychologist said before a local magistrate yesterday.

Mr R E Matthews, who is also a lecturer in anthropology, was testifying for the defence in the Van Riebeeck Hotel case. He also told Mr M Kilian that other problems came about as a result of the scrapping of the law barring black people from hotels in 1986.

Brothel

Former owners of the hotel, Mr Basil Cox (48), his wife Mrs Anna Cox (40) and their former employees, Mr Billy Behari (43) and Mr Albert Mazibuko (28), are appearing on eight counts of running a brothel and two of resisting arrest. The accused have pleaded not guilty.

Groups

Mr Matthews told the court that the South African community consisted of three different groups of people who kept to themselves while others either wanted to mix black and white cultures or keep to the far right.

Page 2

Fedhasa meets SAP

THE Federated Hotel, Liquor and Catering Association, Fedhasa, the Government and the SAP have held discussions on action to combat the recent spate of terrorist attacks on restaurants.

The top level meeting in Pretoria was attended by a Fedhasa delegation led by president, David Wigley, Minister of Law and Order, Adriaan Vlok and by senior SAP officers.

Immediate action arising out of the discussions is a police commitment to visit any Fedhasa member requesting advice on methods of combating terrrorist attacks.

Anti-terrorist guidelines already issued by Fedhasa to its members will also be upgraded by the SAP and an additional detailed check-list on likely bomb hiding places will be made available by the SAP.

Fedhasa seminars on the subject have already been introduced and will now be continued in an upgraded form to include additional input from the SAP.

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Sowetan 20/9/88

SOWETAN, Tuesday, September 20, 1988

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HOTEL USED AS BROTHEL - CLAIM

By MONK NKOMO

A POLICE constable yesterday told a Pretoria Magistrate that he was posted at a local hotel where black women allegedly ran a prostitution racket. Police had received information that the place was being used as a brothel.

Constable Wilfred Kekana said this before Mr M Kieler in the Pretoria District Court. Former owners of the Van Riebeeck Hotel, Mr Basil Cox (48) and his wife Mrs Anna Cox (40) — both of Derdepoort — and former managers, Mr Billy Behari of Natal and Mr Albert Mazibuko (28), of Atteridgeville are accused of running a brothel at the hotel.

The accused have pleaded not guilty to eight counts relating to the keeping of a brothel and two charges of resisting arrest.

Constable Kekana said that he went to the hotel on January 11 after his senior, a Lieutenant Senekal, had instructed him to investigate "what was going on at the place." He said Lt Senekal had received information that prostitution was taking place at the hotel.

On arrival at the hotel, the policeman said he went into a ladies' bar where he found nine black women in the company of four white men.

"After I had been sitting at a counter where drinks were being sold, I saw a black woman emerging from the ladies toilet. She went to sit next to a certain white man with whom she held a conversation."

"The white man took out money and handed it to the woman. The woman bought two bottles of beer before the two left the hotel," he said.

The witness stated that two other black women also drove away with a white man. He said he went to report these incidents to his senior.

(Proceeding)

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Fedhasa meets Vlok and police on restaurant terror

FEDHASA, government and the SAP have held discussions on action to combat the recent spate of terrorist attacks on restaurants.

A top-level meeting in Pretoria was attended recently by Law and Order Minister Adriaan Vlok, senior SAP officers and a Fedhasa delegation led by president David Wigley.

As a result of the discussions, police have undertaken to visit any Fedhasa member requesting advice on methods of combating terrorist attacks.

Anti-terrorist guidelines already issued by Fedhasa to its members will be upgraded by the SAP and an additional detailed checklist on likely bomb hiding places will be made available by the SAP.

Fedhasa seminars on the subject will be continued in an upgraded form to include more input from the SAP. The SAP has undertaken to keep Fedhasa up to date on its latest information.

Checking of guests, customers and staff at entrances was felt to be a good deterrent. This system had already been instituted at some restaurants and had been generally well received by the public.

It was felt that full body-searches with the use of electronic equipment were not yet necessary.

Wigley said: "I would appeal to staff as well as the public to be alert at all times to a possible threat."

It was ironic that Fedhasa, which has been at the forefront of dismantling apartheid in hotels and restaurants, should find that some of its members were the focus of attacks. — Sapa.

Natal Witness 4/10/88

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Fedhasa raps CP MP over knuckles

EAST LONDON. — Conservative Party MP Mr Clive Derby-Lewis was severely reprimanded by the president of the Federated Hotel, Liquor and Catering Association (Fedhasa) after opening the association's Eastern Cape and Border congress here yesterday.

Mr Derby-Lewis, who had been invited to open the congress in his capacity as a member of the parliamentary standing committee on trade and industry, said the CP was often misunderstood but was growing rapidly and would soon take power.

Both Fedhasa president Mr David Wigley and regional chairman Mr Bryan Robinson openly condemned Mr Derby-Lewis for assuming a political stance.

Mr Wigley said Mr Derby-Lewis had abused his privilege. He said the association had invited Mr Derby-Lewis to address the congress on aspects which concerned the hotel and liquor industry, and not on politics.

"You have offended your welcome and the trust we placed in you," he said to Mr Derby-Lewis. "We find it an affront to be addressed on a purely political theme which has nothing to do with our industry."

Mr Robinson said he regretted that Mr Derby-Lewis had taken a political stance.

288 7/10/88

SUN BOP

Great gambling

Though Sun International (Bophuthatswana) may be in the business of gambling, an investment in the share has proved to be no gamble at all. Sun Bop succeeded in increasing EPS in the year to end-June by 80% on a rise in turnover of 66%, in spite of a tax leap from R2,7m to R34m, raising the effective tax rate to 33%.

A vital factor was the success of the new Morula Sun, which drew gamblers away from Sun City especially in the early part of the year.

More emphasis was placed upon Sun City's ability to stage crowd-drawing events, which kept gambling activity at a satisfactory level. Director Ian Heron says Sun City occupancy is running at around 80% and the Sunday concerts at Morula continue to attract large crowds.

Morula's popularity led to considerable extensions, which cost R26m out of total capital expenditure for the year of R32m. Most of the balance went on refurbishment of various hotels, but included some of the R30m construction cost of the new casino hotels at Taung and Thaba'Nchu, which are expected to be completed in November and mid-1989 respectively.

Sun Bop's profit rise considerably strengthened cash flow, which climbed from R45,6m to R74m and caused further improvement in an already strong balance sheet. Cash holdings climbed from R31,9m to R105,3m and net borrowings of R16m at the end of the previous year were turned into net cash of R47,7m.

Revaluation of buildings also assisted by adding R23m to reserves, though this was less than the R28m added last year.

Maintaining pace

The inevitable question is how long the pace can be maintained — total assets have grown at an average annual rate of 34% since 1981 and EPS by 27%. But this question has been asked for some time and results continue to confound sceptics. Chairman Sol Kerzner is confident, saying that if trading conditions do not deteriorate significantly, reasonable growth will be maintained having regard for the completion of major extensions to the Morula Sun and the opening of the two new resorts.

He also mentions that a number of other projects will be considered during the year after completion of feasibility studies. Heron says that these are a fourth hotel as well as some additional attractions. Also of interest is the trend Heron mentions of moving towards catering for the needs of local communities, as is the case with Thaba'Nchu, and of supplying the growing conference market, which seems to prefer resort hotels.

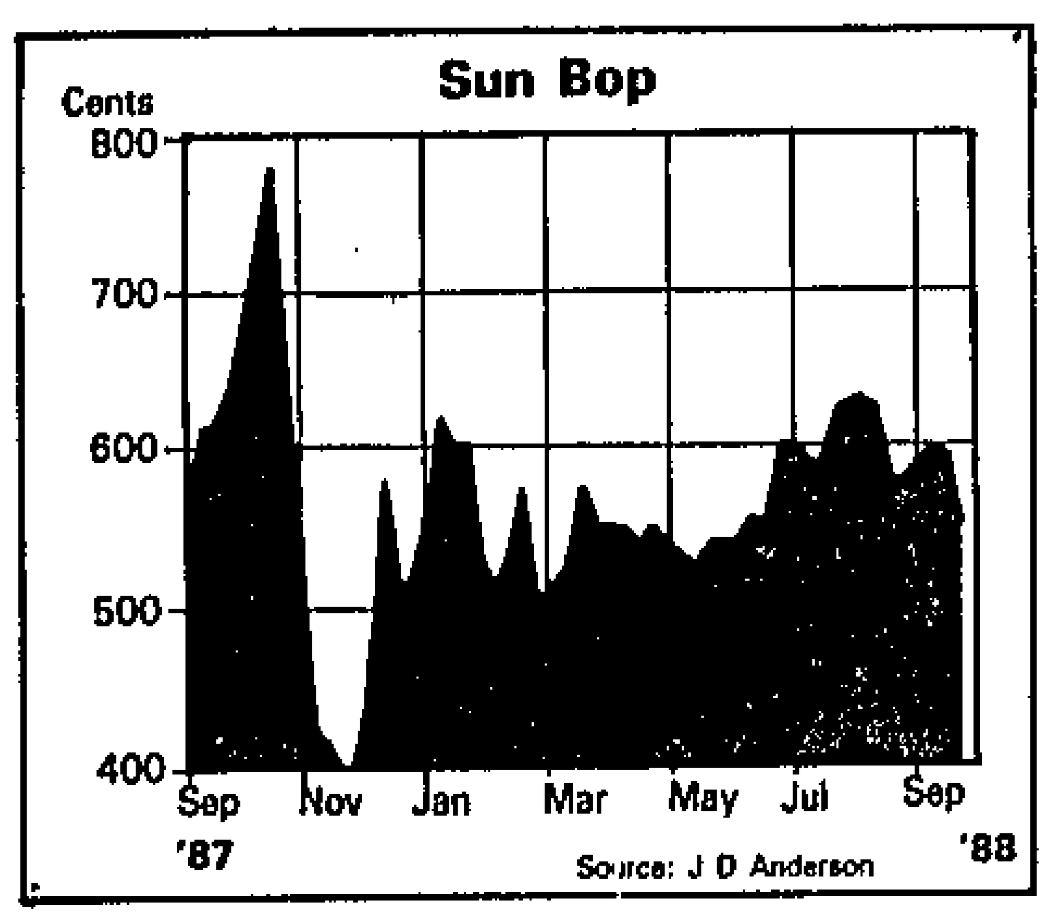
A major consideration is that Sun Bop's results in the past year were achieved when Kerzner was turning his attention increasingly to the group's foreign interests. This seems to give lie to suggestions that it was only Kerzner's tight control and personal genius which were responsible for the group's performance.

Despite the excellent earnings performance, though, the share price has continued to trade in a 500c-620c range, one of the reasons being the inquiry into alleged corruption in Transkei, which has created some concern about operations in independent homelands. But Sun Bop remains a strong earner which has proved to be virtually recession-proof and, though Heron confirms that the growth rate this year should not be as high as last, the outlook remains good.

Pat Kenney

Activities: *Operates resort hotels with entertainment, recreational and casino facilities.*
Control: *Kersaf has control.*
Chairman: *S Kerzner; managing director: P H Wagner.*
Capital structure: *108,4m ords of 15c. Market capitalisation: R618m.*
Share market: *Price: 570c. Yields: 8,2% on dividend; 11,1% on earnings; PE ratio, 9,0; cover, 1,3. 12-month high, 825c; low, 400c. Trading volume last quarter, 845 000 shares.*
Financial: *Year to June 30.*

	'85	'86	'87	'88
Debt:				
Short-term (Rm) ..	2,8	5,8	7,8	7,8
Long-term (Rm) ...	43,5	38,7	40,6	49,8
Debt:equity ratio	N/A	0,23	0,19	N/A
Shareholders' interest	N/A	0,68	0,67	0,59
Int & leasing cover .	N/A	2,73	4,62	8,98
Debt cover	N/A	0,76	0,95	1,29
Performance:	'85	'86	'87	'88
Return on cap (%) ..	N/A	12,7	11,6	20,5
Turnover (Rm)	144,2	168,3	209,5	348,1
Pre-int profit (Rm) ...	29,8	36,4	44,6	105,9
Pre-int margin (%) ..	21	21,6	21,3	30,4
Taxed profit (Rm)	23,4	28,8	38,1	68,7
Earnings (c)	26,7	28,9	35,1	63,3
Dividends (c)	16,5	20,0	27,0	47,0
Net worth (c)	165	179	213	225



Harwu threatens fresh dispute

Hotels ditch agreements with unions

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BDay 12/10/88

BRONWYN ADAMS

SOUTHERN Sun/Holiday Inns and Karos Hotels have terminated their recognition agreements with the alliance of three hotel unions, Hotel and Resturant Workers' Union (Harwu) organiser Allan Horwitz said yesterday.

Southern Sun/Holiday Inns human resources director Karl Ludick confirmed he had given Harwu notice of the termination of procedural agreements.

A Karos representative denied that management had withdrawn recognition but preferred not to make any further comment.

Ludick said they had taken the action because the unions in the alliance had been "incapable" of agreeing on common strategies when negotiating with management.

He also blamed the alliance for the conflict experienced by the industry, which has resulted in strikes and lockouts at hotels countrywide.

Members of the alliance include Harwu, the Commercial Catering and Allied Workers' Union of SA (Ccawusa) and the Cape Liquor Union.

They had concluded agreements with 54 Southern Sun/Holiday Inns hotels and eight Karos hotels.

Horwitz said Harwu would declare a dispute over the cancellation of the recognition agreements.

Ludick said his group had been approached by Harwu to discuss an out-of-court settlement of the public holiday issue, which sparked the strikes.

The strike by Harwu's 700 members — 80% of the workforce — at seven out of 11 Karos hotels was continuing, Horwitz said. But all workers at Southern Sun/Holiday Inns had resumed work by yesterday without any incidents.

Horwitz added that Karos and the alliance were scheduled to meet today to discuss the re-employment of 125 workers dismissed after June 16, as well as increases and recognition.

Star 12/10/88

Durban urged to welcome tourists

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Own Correspondent

DURBAN — The Chamber of Commerce has called on Durbanites to "love the tourist".

In a message to members, the chamber suggests: "Next time you find yourself in a traffic snarl-up or queue, can't get a seat in your favourite restaurant or entertainment venue, don't curse the tourist ... let's rather bless him.

"Welcome him with a smile and go out of our way at all times and at all levels to help him wherever we can."

The chamber said Durban and its metropolitan area had undergone dramatic development over recent years and people could be justly proud of their city.

Unpalatable as it might be to some, much of what Durban has to offer had been inspired and made possible through tourist spending, estimated at R1,6 billion annually.

Tourism had also led to a host of industries and service outlets throughout the area, expanded employment opportunities and contributed to city income.

So, to adapt Winston Churchill, the chamber said: "Let's win them on the beaches and the greens, in the streets and the parking lots, in the shops and service stations, in the banking hall and post office, in the hotel and restaurant, and at the opera and in the open — so that this city, and its region, may burgeon and prosper for a thousand years."

PLEASURE FOODS

Mixed grill

(288) 14/10/88

When Pleasure Foods was put together out of DCM-listed Juicy Lucy and Anglovaal's Wimpy interests, earnings of 10c per share were forecast for the first year. At half-time, six-month earnings of 4,7c seemed more or less on line, so the second half clearly fell well short.

Chairman John Bryant attributes this to the rationalisation of the Pizzaland and Pizza Hut outlets being more costly and disruptive than expected; indeed, below the line there was a further R1m charge on this, plus R900 000 on writing down goodwill on certain Juicy Lucy businesses. Milky Way did not perform to expectation and neither did Juicy Lucy, though its results did improve.

The star performer was bomb-prone Wimpy, though BJ's Pantry also did well.

With the elimination of the one-off problems, Bryant expects earnings to improve "significantly" this year, though this may be tempered if the economy moves into a recessionary phase which hits consumer spending.

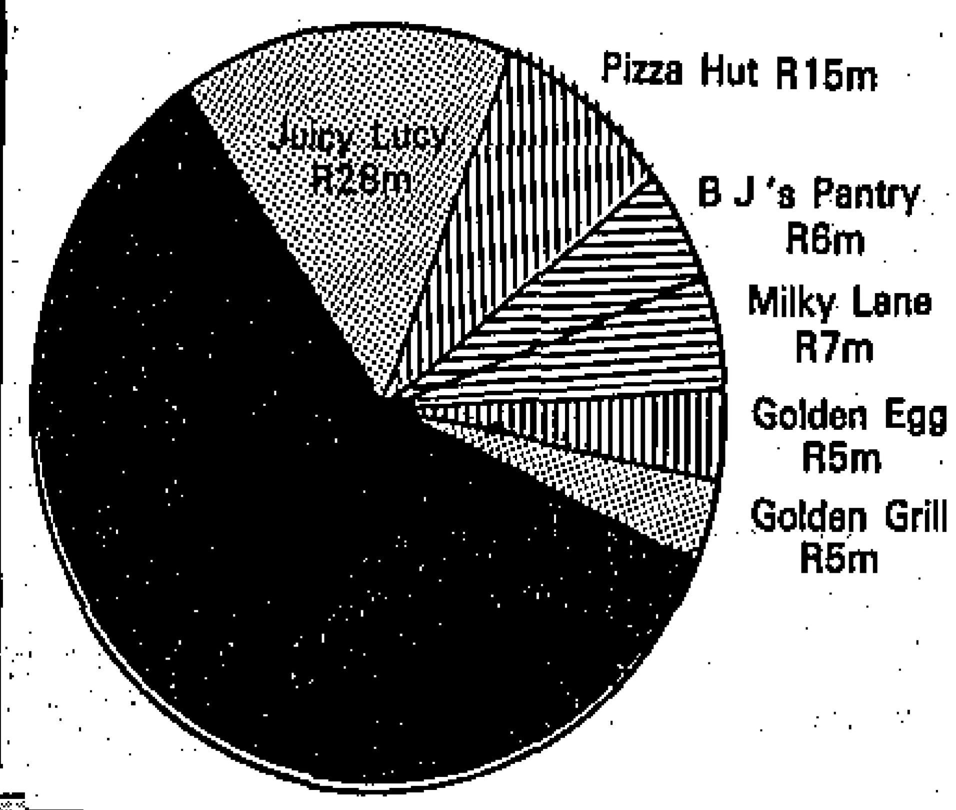
The reconstruction of the company entailed increasing the issued equity from 8,7m to 42,9m shares, so comparisons with previous years are of little value. However, two points are worth making:

- ☐ The financial "year" actually covers 13 months, but most trading subsidiaries are consolidated for 12 months. The exception is Juicy Lucy, but as its extra month is June, its slackest period, any attempt to pro-rate would mean less rather than more realism; and
- ☐ Bryant comments on the increase in net worth from 35c to 133c per share. However, the latter includes no less than R51m, or 119c per share, in "trademarks", which many analysts would consider intangibles. Ignoring this would reduce net worth to a mere 14c per share, with a marked impact on the apparently healthy financial ratios.

The share price is only 28% off the 12-month high, presumably partly on net worth considerations and partly on the earnings shortfall. Write back the one-off negatives and allow for only moderate organic growth and earnings of 11,5c-12c this year could easily be within reach — a forward p:e of about 6,4. As long as there are no more unpleasant shocks, the period of underperforming the market could be at an end; but equally, there is no reason to expect above-average performance in the next few months.

Michael Coulson

Group turnovers (incl franchisees)



Activities: *SA's leading convenience food chain, with 366 mainly franchised outlets, trading as Wimpy, Juicy Lucy, Pizza Hut, BJ's Pantry, Milky Lane, Golden Egg and Golden Grill.*
Control: *Anglovaal Industries has a 63% interest and the directors own 12%.*
Chairman: *J Bryant; managing director: V L Hays.*
Capital structure: *42,85m ords of 1c. Market capitalisation: R32m.*
Share market: *Price: 75c. Yields: 4,0% on dividend; 11,2% on earnings; PE ratio, 8,9; cover, 2,8. 12-month high, 270c; low, 75c. Trading volume last quarter, 1,1m shares.*
Financial: *Year to June 30.*

	'88
Debt:	
Short-term (Rm)	6,0
Long-term (Rm)	1,7
Debt:equity ratio	0,10
Shareholders' interest	0,78
Int & leasing cover	11,1
Debt cover	0,83
Performance:	
	'88
Return on cap (%)	7,0
Group turnover (Rm)†	150
Turnover (Rm)	68
Pre-int profit (Rm)	5,1
Pre-int margin (%)	7,6
Taxed profit (Rm)	3,4
Earnings (c)	8,4
Dividends (c)	3
Net worth (c)	133

† Including franchised outlets

14/10/88 (288)

Business Report

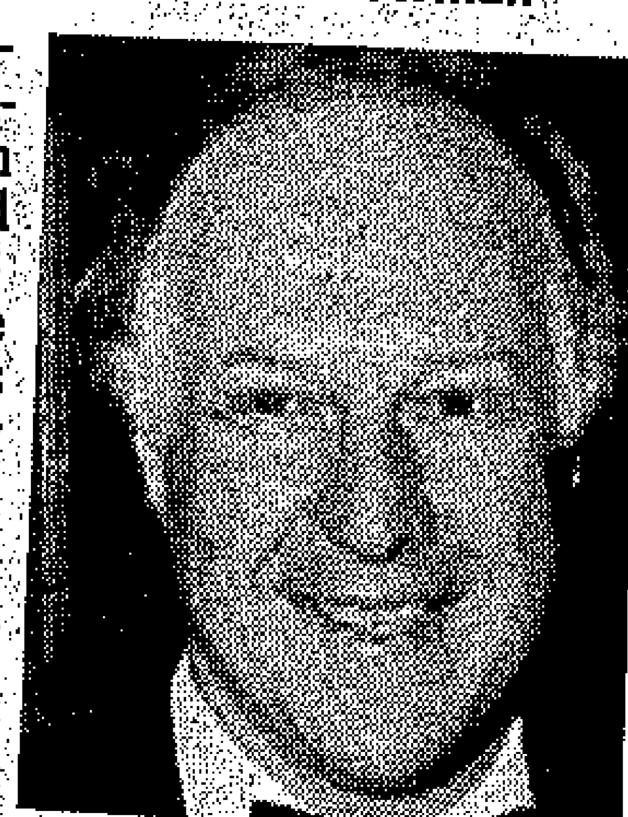
Overseas firm buys Metropole

Cape Times 14/10/88 288

By AUDREY D'ANGELO
Financial Editor

THE Metropole Hotel in Long Street, Cape Town, has been sold by brothers Brian and John Bowman to International Metropole Hotels (Pty) for an undisclosed sum.

Brian Bowman



John Bowman

Announcing this yesterday, Brian Bowman said International Metropole Hotels was "a company owned by an overseas consortium" with hotel interests in other parts of the world.

John Bowman will leave the business but will help his brother in consultancy work for the hotel industry and will look after other interests they have.

Brian Bowman, who is responsible for marketing the hotel, will continue to do so and says he has "been given the additional mandate by the new owners to identify further opportunities in SA for hotel investment."

Alan Masters, formerly at the President and Newlands Sun Hotels, has been appointed GM of the Metropole.

John Bowman said yesterday that until now the Metropole has concentrated mainly on the restaurant side of its business. But the new owners "will spend money on it and will upgrade and refurbish the bedrooms".

He said the new owners had financed the purchase partly with financial rands, which had given them "a very good deal". Neither of the brothers now had any stake in the hotel.

A statement issued by the brothers yesterday said: "The main aim will be for the Metropole to take its place in the plans to expand Cape Town's tourist industry."

In addition to catering for tourists the refurbished hotel was expected to be patronized by businessmen.

Why the US sanctions drive failed

Argus 21/10/88 288

From NEIL LURSSEN of The Argus Foreign Service in Washington

THE collapse of the anti-South Africa sanctions drive in the United States Congress this year was caused by a host of reasons — one of them being the looming presidential election.

Thoughtful congressmen were reluctant to impose a major foreign policy decision on a new President, preferring instead to give the next leader an opportunity to shape and implement his own policies toward such an important country.

South Africa is extremely important to the United States not only because it provides most of the critical and strategic minerals used in large quantities by American industry but also because it dominates a region where the United States has long-term strategic political goals.

□ □ □ □

Washington's foreign preoccupation is the Soviet Union and Southern Africa is a region where superpower rivalry is being played out — one system against the other.

In spite of Moscow's apparent eagerness to scale down its foreign adventures to concentrate on domestic problems, many American analysts believe that the competition between communism and capitalism remains as intense as ever and that Mr Mikhail Gorbachev's pragmatic approach to the world's regional disputes is probably just a quiet period in a continuing global chess game.

Southern Africa is an important corner of the chess board: a region where troubled nations, locked in economic and social dilemmas caused partly by a colonial past, look to the major powers for help and advantages.

The United States believes that the Marxist system has failed spectacularly in Southern Africa and that free enterprise, managed with compassion, is the best hope for the region's millions of people. There is no country better placed to encourage the way to free enterprise than the United States.

□ □ □ □

In that context, a powerful South Africa with its much-needed raw materials, wracked by constant internal turmoil and posing a constant threat to its neighbours requires careful diplomacy.

Congress can express the American values involved, but should not tie the hands of the new President, who ought to be given a chance to devise his own approach.

Had the sanctions Bill before the Congress become law this year, it would have had a profound effect on United States-South Africa relations — virtually cutting Americans out of the South African economy and reducing the already diminished American influence to nearly nothing.

It is likely that passage of the sanctions would have had a fatal effect on the United States-mediated Angola-SWA/Namibia peace talks, persuading the South African government to seek its own solution and to cut the United States out of the action.

American diplomats understand the reality of power. South Africa, with all its faults, is the regional powerhouse and the Americans fully appreciate their need to have access and influence in it. This was one of the reasons why American lawmakers backed away from the sanctions Bill. But there were other reasons, too.

One of them is the growing uncertainty about the wisdom of sanctions against a country that is being encouraged to make sweeping — and expensive — reforms. From their own history, Americans know that people who feel threatened and confused about the future are not going to embark on a course that could throw their troubled society into further chaos.

They know that risky changes are best made from a stable base and that the most fruitful negotiations occur when the participants have a sense of security.

Thus some influential senators and congressmen who have taken the trouble to study South Africa's problems and to seek a solution in terms of their own country's needs are coming round to a view that is not far from the Reagan policy of constructive engagement. But they are careful to emphasise that engagement must be with the peaceful opponents of apartheid, and not with the system's proponents.

□ □ □ □

Powerful persuaders about the damaging effects of sanctions were the numerous studies made by independent and authoritative analysts who not only plotted political and economic conseqences for white South Africans but also spelt out the growing opposition of many blacks.

To a large extent, the American lawmakers have been persuaded by South Africa's diplomats and lobbyists, who laboured long and hard to make it clear that the country was far more complex and delicately poised for the future than some congressmen seemed to have understood.

Those in the Senate and the House of Representatives who have been told that real reform will come in South Africa now need to see some results provided by the South African government.

Anything less than that could cause disillusionment that would create a climate again for sanctions when the liberal Democrats introduce their new package of measures again next year. Continued or increased repression will be a recipe for passage through the Congress.

The liberals will certainly be back. And there is every reason to believe that the force behind this year's sanctions drive — black American determination to have a say in their nation's affairs — will rise again in 1989.

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The existing economic sanctions stem largely from black frustration over the results of the 1984 presidential election when their fervent anti-Reagan votes disappeared without trace under the Reagan landslide. The anti-South Africa campaign arose out of their bitterness.

Indications this year are that the black vote will again yield little in the presidential election. History may repeat itself. South Africa will again be a black-led target with white American legislators responding sympathetically, in part to reduce the racial tensions that are ever present in their own country.

Thus it seems that the sanctions respite in the United States will be a short one and that South Africa's leaders should make as much of the opportunity it offers them as they can.

COLLECTOR

Star 3/11/88

Busy tourist season ahead for W Cape

(288)

Own Correspondent

CAPE TOWN — The Western Cape was heading for a busy tourist season, but there wouldl always be "room at the inn", Captour director Mr John Robert said this week.

He noted that there had been a 15 percent increase in the overseas market in the past few months — a trend that was expected to continue.

The number of visitors to the Western Cape from other parts of the country was growing by 15 to 20 percent a year, and this had boosted the informal accommodation sector, Mr Robert said.

This sector included bed and breakfast establishments, holiday flats and houses and country establishments.

He said Captour's Johannesburg office was "very busy" handling inquiries about holidays in the western Cape.

Cape Town offered more than 16 000 beds with two new hotels opening this season, Mr Robert added.

A spokesman for a major hotel group said occupancy at its Peninsula hotels was high.

Occupancy rates seen at 80% to 90%

288
B/Day
8/11/88

Hotels look forward to a record season

SA HOTELS are expecting a record Christmas, says the Federated Hotel, Liquor and Catering Association (Fedhasa).

Attractive packages are being offered by hotel chains and independents, and advance bookings are running well ahead of last year. Occupancies of 80% to 90% are expected.

Fedhasa says bookings started earlier than usual this year and accommodation is filling up rapidly.

"But hotel managements tell us there is still room available — if you hurry," says Fedhasa executive director Fred Thermann.

Thermann suggests holidaymakers book pre-peak-season or immediately afterwards to qualify for some excellent packages.

Southern Sun Sunbreaks, for example, offer up to 50% discounts on shared accommodation up to December 20.

Cape Town looks as if it will enjoy its best season ever. Forward bookings are around 90% and the average length of stay in the city's hotels is 10 nights, reports Protea Hotels.

In Durban, where the average length of stay is seven nights, bookings are expected to peak at 90% to 95% over Christmas.

Durban has put in a major effort to ensure its place as the premier holiday resort, says Thermann. Much of the revamped beachfront will be ready for the season and the beaches are being enhanced by massive sand-pumping.

Prices are still excellent, Thermann says. Kondotels, for example, is offering 30% discounts in its Natal hotels until December 17 as a special shared accommodation holiday package.

Garden Route hotels also report excellent forward bookings at about 85%. But there is still accommodation.

Port Elizabeth is making a determined bid for tourist trade this year and some excellent-value-for-money offers are available.

"East London has much to offer by way of tourist attractions. It is very underrated as a destination and deserves more support," says Thermann. "PE and East London are no longer sleepy settlers' towns. They are vibrant communities with excellent tourist facilities and plenty of attractions."

Specials

Inland hotel bookings are also exceptionally strong this year — and there are some first class packages available.

Karos Hotels, for example, is offering specials of R39,50, accommodation only, through the Christmas season, and dinner, bed and breakfast packages of R65 from December 4 to December 10 and again from December 18 to 23. Children stay free.

Traditionally bookings for the northern and eastern Transvaal start picking up in earnest by mid-November. Already, however, hotels in these areas are fairly well booked.

"South Africans definitely have more money in their pockets this year," says Thermann. — Sapa.

SouthSun returns to profitability

Star 7/11/88 (288

Finance Staff

After three years of cost-cutting and rationalisation measures hotel group Southern Sun today reported a return to profits in the six months to end-September. But the group still refrained from paying interim dividends.

The turnaround from a loss of R4 million to attributable earnings of R1,6 million followed on improved occupancies, which also boosted turnover by 24 percent to R168 million.

The latest industry statistics for the period January to August reflect room occupancy at 53 percent, compared with 49 percent in 1987.

MD Bruno Corte says that the occupancies for Southern Sun's interim period were 53 percent last year and 59 percent in 1988, the highest level since 1984.

Operating profits improved by 80 percent, while income from associates (Sun International) increased by 32,8 percent.

Mr Corte is optimistic that higher profits will be achieved in the full-year, as advance booking levels indicate that the second half of the year will once again see higher occupancy levels.

Southern Sun returns to profit

7/11/88 388 B/day

CHERILYN IRETON

FOR the first time in three years Southern Sun has turned in an attributable profit for the half-year to September.

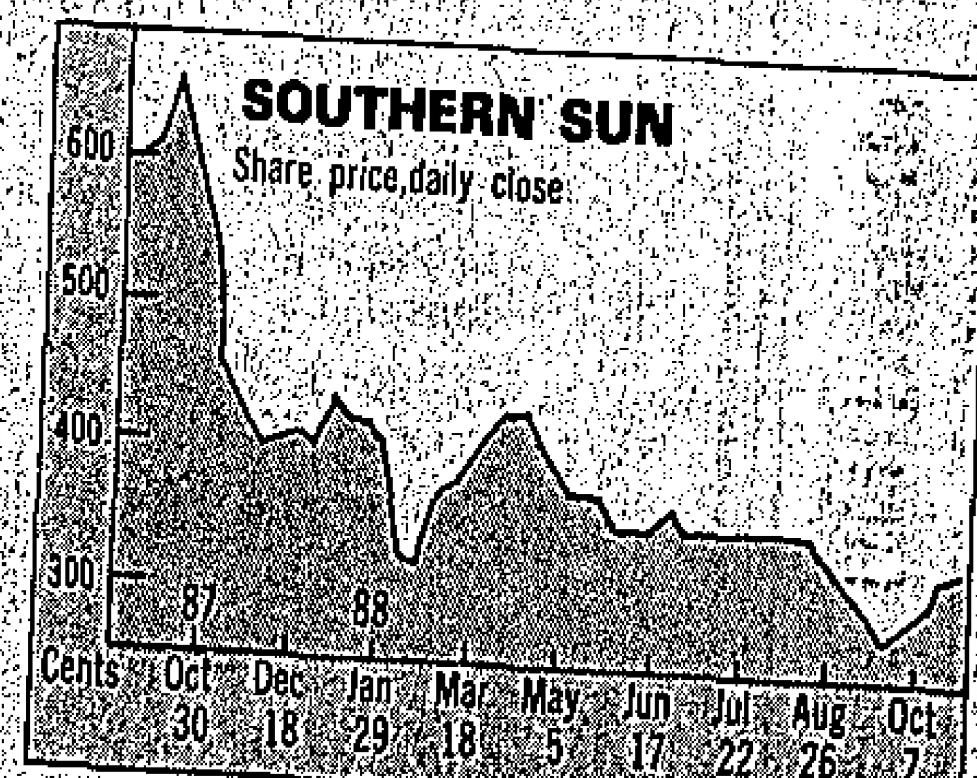
Improved occupancies and a higher average room rate were the key factors behind the hotel group's R5,5m turnaround, says MD Bruno Corte.

Attributable earnings of R1,6m (2,3c a share) are the first interim profits recorded since 1985 and follows last year's loss of R3,8m (5,4c a share).

Corte says the board has elected not to pay an interim dividend but intends to again distribute 70% of attributable profits at the year end.

The group's turnover rose 23,9% to R168,4m in the six months, which yielded an operating profit of R22,6m, almost 80% higher than the previous period's R12,6m.

"Industry statistics for the eight months to August show room occupancies at 53%, an 8% increase on the 49% recorded in 1987. Our group occupancies followed the trend and at 59% are 10% higher than they were a year ago. Again, our occupancies are the highest we've achieved since 1984."



Graphic: LEE EMERTON Source: JSE

He adds Southern Sun traditionally enjoys better occupancies in the second half of the financial year, and advance booking levels, both local and overseas, suggest this trend will continue.

"While inflation and interest rate increases will continue to impact on costs, the improving occupancy trends will produce a significantly higher level of profits for the year as a whole," predicts Corte.

"This outlook assumes that existing

● To Page 2

Southern Sun group returns to profit

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● From Page 1

political and economic conditions do not deteriorate markedly."

In spite of previous years' losses, Southern Sun has tax payable of R702 000 (1987: R639 000) arising out of its profitable Transkei and KwaZulu operations.

The balance sheet shows interest-bearing debt has risen by more than half to R153,6m. Southern Sun says this arises from its continuing investment in hotel refurbishment, the support financing of new managed projects and the cost of following investments in associated companies.

Gearing at 48% is still within the the group's self-imposed constraint of 50%.

Protea, Wom join forces

CAPE TIMES 9/11/88 (28)

By AUDREY D'ANGELO
Financial Editor

A 21% stake in Cape Town-based Protea Hospitality Corporation — holding company of Protea Hotels, Plan One and Protea Properties — has been bought by World of Music in a multi-million rand deal.

Protea executive chairman Otto Stehlik said yesterday that the link-up with the JSE-listed World of Music, which has a controlling interest in Timeshare Dynamics, would help the expansion plans of his group.

Protea started with four hotels and currently operates 49 throughout Southern Africa. Stehlik said it had "set its sights at 60 hotels and is examining a number acquiring a further 4% of Protea.
of options that could lead to further expansion."

The purchase price will be determined by Protea's year-end results but Stehlik said it would "involve several million rands".

He described World of Music, listed in the Development Capital Market sector of the JSE last year, as an ideal partner because it was heavily involved in the leisure industry.

Its interests include music, sport promotions, publishing, entertainment, TV, resort development and timeshare. In terms of the agreement it has the option of

World of Music chairman Peter Cooke said the association with Protea would enable his group to offer professional management for new timeshare developments.

A number of new developments were under discussion and an announcement would be made shortly.

Cooke said he foresaw Protea Hospitality Corporation, under Stehlik's leadership "emerging as market leaders in SA and we have always believed strongly in identifying with market leaders".

A spokesman for Protea said it had no plans for a JSE listing "at this stage".

Industrial Court win for sacked Bawu men

13/11/88

288

THE Industrial Court this week ordered Durban's Edward Hotel to reinstate about 80 employees dismissed after going on strike on May 2.

The order, which was handed down by the Industrial Court after seven days of hearing, also stipulated that the workers be back-paid from May 30 this year.

In terms of the order, those workers who fail to turn up for work by 9am on Tuesday, November 15, forfeit their right to reinstatement.

The court has yet to release reasons for the judgment.

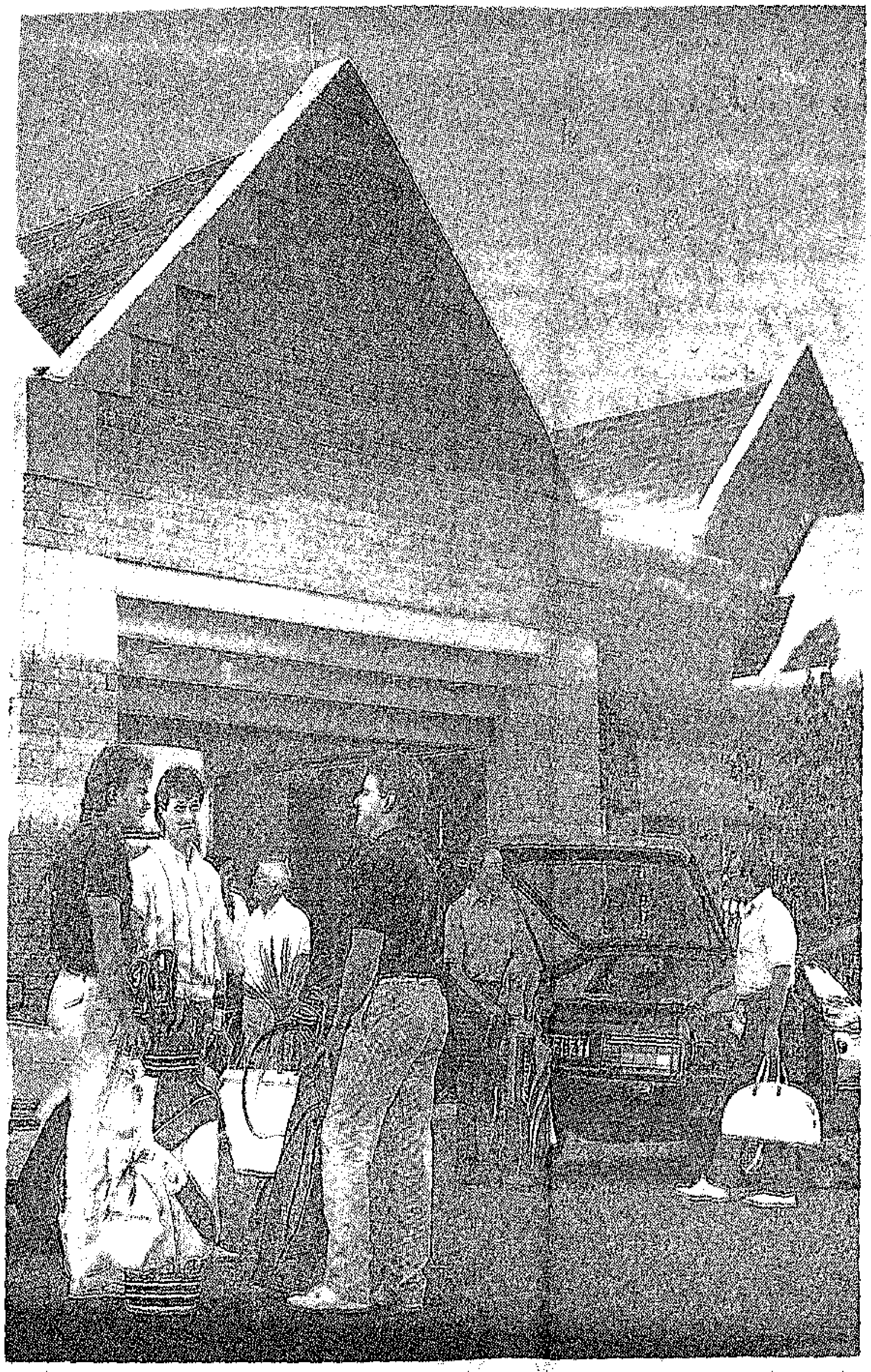
The workers, all members of the Black Allied Workers' Union, were among 800 from 10 hotels and restaurants who were dismissed on the same day.

Bawu's general secretary, Bheki Khumalo, said it was regretable the workers had been dismissed when they were engaged in a legal strike and that their reinstatement had to be achieved by a court order.

The Edward judgment follows judgments against two other Durban hotels – the Palm Beach and the Asoka.

Khumalo said workers had been reinstated at The Beach, Killarney, Four Seasons, Lonsdale and Palmerston hotels after the union and hotels had reached out-of-court settlements.

The Blue Waters Hotel, the Lady Prawn and the Lord Prawn restaurants have yet to settle. – Sapa



Team Scheme at R39 a night!

SPECIAL weekend tariffs for group accommodation are the latest offering from City Lodge.

The chain has introduced what it calls Team Scheme — and the good news is that it will lighten wallets by only R39 per room per night, single or double.

To qualify for the City Lodge Team Scheme special offer, groups must reserve a minimum of four rooms on a Friday or Saturday or over a long weekend.

Similar schemes usually lay down a minimum of 10 rooms on a shared basis or for at least two consecutive nights.

Popular

Says Sally Brownie, general manager of City Lodge Sandown: "Our Team Scheme has proved popular among small groups wanting the privacy provided by single rooms, and at the same time getting benefit from group rates.

"A wide variety of organisations — such as sports clubs, tour parties etc — are making use of special Team Scheme rates and many companies are taking advantage of the scheme."

Noleen Davis of Conlog, who handles bookings for the company, says: *"Rates are always extremely good, and the Team Scheme rates are even better, but the chain never scrimps on quality."*

Union Wines' Daisy Groenewald in Stellenbosch agrees: "The service is excellent . . . fantastic value for money."

Team Scheme is available only at City Lodges countrywide.

Bold step into leisure market

FOLLOWING the recent opening of the Durban City Lodge, new lodges are due to open in Port Elizabeth next month and in Cape Town early next year.

Says managing director Hans Enderle: "The three coastal hostels will have a holiday atmosphere and provide us with the opportunity of entering the growing holiday and leisure market.

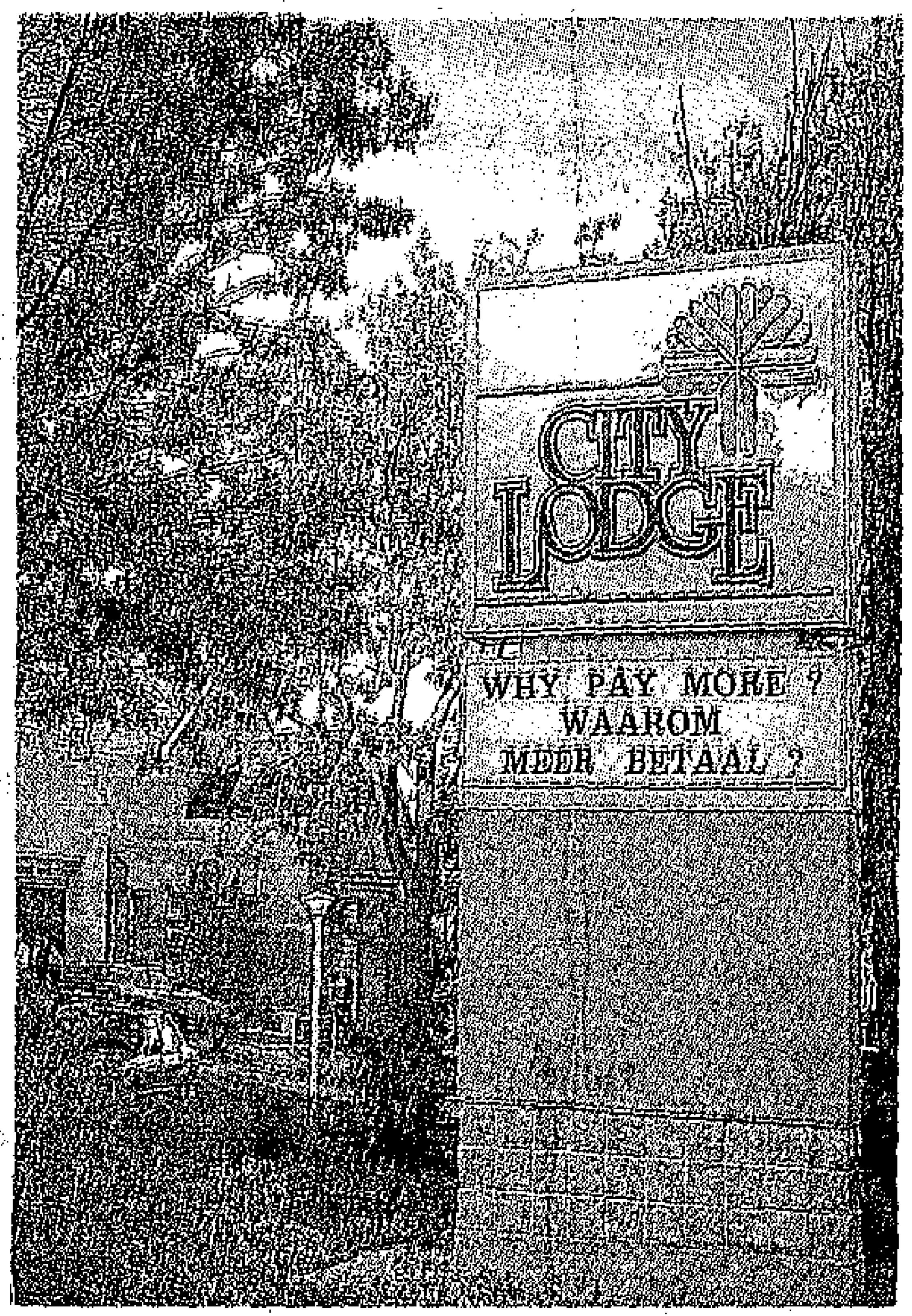
"This market is becoming increasingly price-sensitive and we believe the new lodges will attract not only business travellers but also tourists.

"Location is a prime factor in the success of any hotel and the sites of all our new coastal hotels are excellent — close to the business centres and all major tourist attractions."

The 130-room Cape Town lodge near Mowbray Golf Course — the first hotel in a major South African city to overlook a golf course — will be strategically located near the Pinelands exit on the N2 which links the Mother City with the Garden Route.

City Lodge Port Elizabeth at Summerstrand will face Humewood beach and overlook the sea.

It will have 150 bedrooms, a swimming pool and — like its sister lodges — will offer four-star quality at two-star prices.



Project managers say the key to success is meticulous planning

PROJECT management is one of the most significant developments in the local building industry in recent years — and the City Lodge group can bear witness to its success.

Says Ron Henderson, managing director of Time Projects: "Once a property and the project have been vetted as a solid investment opportunity, project management then utilises sound innovative techniques to build as quickly and as cost-effectively as possbile.

"This is achieved by co-ordinating the work of the various contractors, eliminating costly downtime and budget overruns, while still ensuring overall quality control."

Time Projects, a member of the JSE-listed Time Holdings group, not only has a resoundingly successful track record but has also honed this technique to perfection.

The City Lodge chain — among Time Projects' long-standing clients — has two hotels currently under construction in Port Elizabeth and Cape Town.

Dramatic

Time Projects is managing these developments and will also be responsbile for the project management of the City Lodge Bloemfontein. Construction is due to start early next year.

Time Projects was also responsible for the completion — on schedule and within budget — of the chain's hotels in Sandown, near Jan Smuts Airport and in Durban.

Says Mr Henderson: "Our involvement in the projects made a dramatic difference. Work was not only completed on schedule but well within budget.

"The key to successful project management lies in planning the project right from the start — evaluating timing, cash-flow and risks and then calling in the right person to manage it for you."

Project management covers overall construction planning, time and cost control, monitoring and control of design work — on and off site — quality control, procurement and expediting.

A project is seen through to complete acceptance by tenant or owner.

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City Lodge opens in Durban

DURBAN'S new 160-room City Lodge threw open its doors in October with all the fanfare, fuss and pomp expected of such an occasion — plus a dash of watersports.

The R11-million hotel, close to the city's business centre and all major tourist attractions, is bounded by Brickhill Road, Old Fort Road and Ordnance Road.

FOUR-STAR COMFORT — FOR UNDER R60 A NIGHT

The New City Lodge, at South Africa's top holiday resort, is the group's first thrust into a major metropolitan area outside Johannesburg.

"It adds more excitement to our highly successful, no-frills concept and will attract business travellers, tourists and groups who want excellent accommodation at comfortable prices," says managing director Hans Enderle.

"The City Lodge concept of selected services has taken the market by storm.

"Occupancy rates at our three Johannesburg hotels are consistently running at nearly 80 percent. And we aim for the same figures in Durban.

"South Africans demand value for money and City Lodge gives just that."

Facilities

The Durban lodge rooms, like all the City Lodge hotels, sport air-conditioning, wall-to-wall carpeting, second-channel colour TV, double bed, working desk, direct-dial telephone, clock radio, en-suit bathroom and shower and a relaxation area with a sofa and coffee table.

Building started only in March this year but the hotel was completed on time and within budget.

Clifford Ross, general manager of the Durban lodge, said: "To complete the hotel in such a short time inevitably meant tight schedules.

"However, by using the proven fast-track construction method we managed to open its doors last month.

"To enhance the holiday ambience, we opted for a lighter colour exterior for the superstructure and made the pool area larger than those at the Reef City Lodges."

A water-feature in front of the hotel was donated by City Lodge to the City of Durban in recognition of the council's work and as a gesture of appreciation for its efforts over the last few years in upgrading the Durban beachfront.

Adjoining the hotel is Piper's — a grillhouse mooted as a "visual masterpiece" and scheduled to open in mid-November.

Custom-built, Piper's seats 140 people on two levels — ground floor and a mezzanine — has a holding bar for 20 guests and an open patio where drinks and meals will be served.

Piper's will specialise in charcoal grills, said owner/manager Geoff Dewsnap.

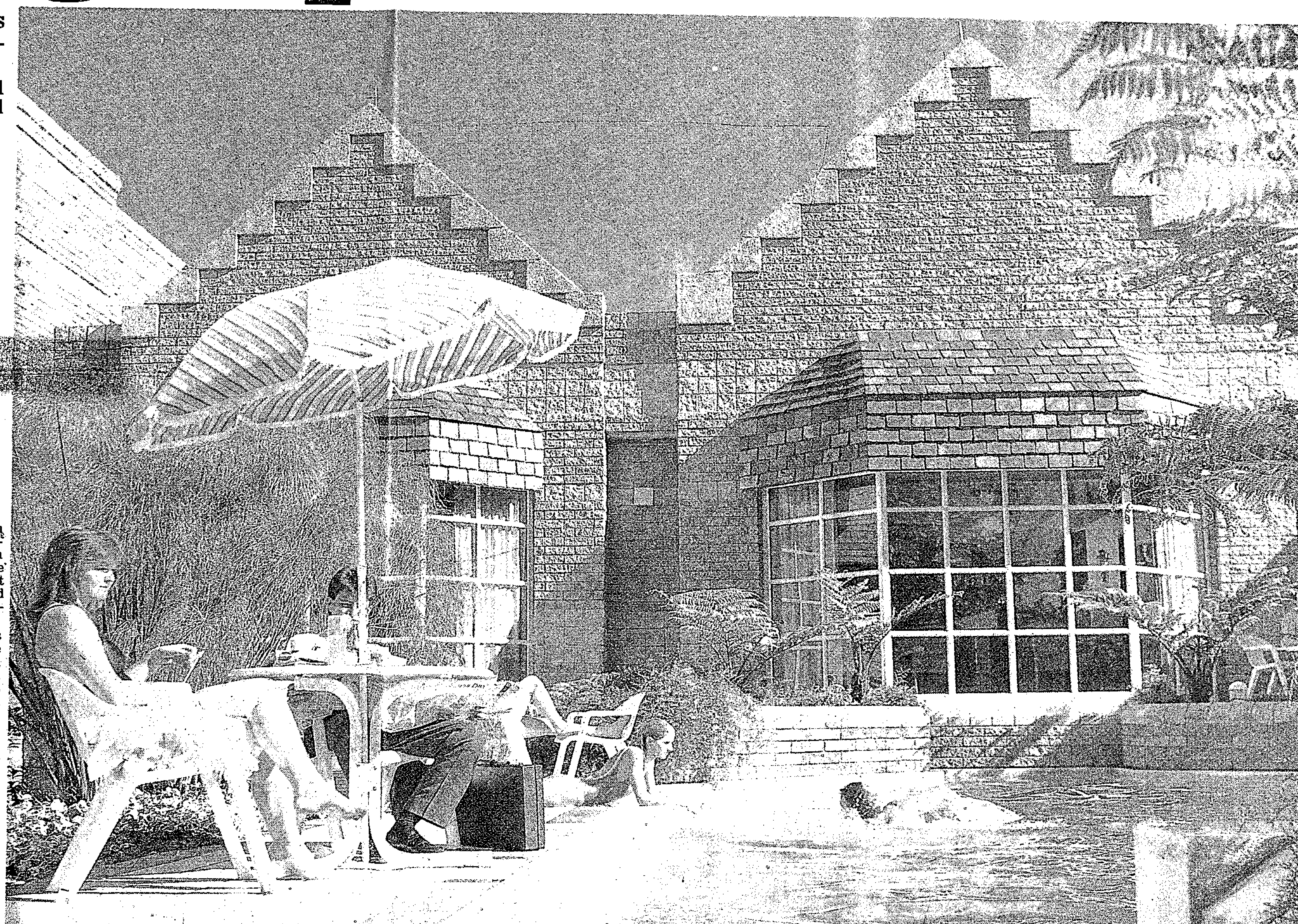
"But," he continued, "in keeping with the international trend of offering a little bit of everything, we will also have a cook-out area for fresh stir-fried vegetables and a home-made fresh pasta corner."

The Durban lodge joins three City Lodges in the Transvaal — in Randburg, Sandown and near Jan Smuts Airport — and others are being built in Cape Town and Port Elizabeth.

In September, City Lodge acquired a 1,35 ha site for a new R9-million 120-room hotel in Bloemfontein. Construction will start early next year.

The City Lodge chain, launched in August 1985 planned eight lodges with 1 000 hotel rooms in five years.

When the Bloemfontein City Lodge opens this target will have been reached a year ahead of schedule.



Nellie's owners aim for the top

CAPE TIMES 15/11/88

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Staff Reporter

THE new owners of the Mount Nelson are determined to spend up to R10 million to transform Cape Town's landmark hotel into one of the top 10 hotels in the world.

And in Cape Town this week from the UK to oversee a year-long refurbishment and upgrading process is Mr Colin Bather, managing director of Venice Simplon Orient Express Hotels.

"We want the Mount Nelson to take in its rightful place among the top hotels internationally — and to be the best in South Africa," Mr Bather said.

In August this year an international consortium based in Bermuda, Sea Containers Ltd, paid the former owners, the British Commonwealth Company, R25 million for the distinctive pink-facaded landmark. Orient Express Hotels — who took over the operating contract on the Mount Nelson two weeks ago — is a subsidiary of Sea Containers Ltd.

The new owners aim to promote their latest acquisition and Cape Town in a major world tourism drive.

The deal between the two British firms also included the Helmsley Hotel and several other prime real estate properties surrounding the Mount Nelson.

"We operate a specialist chain of eight exclusive, luxury hotels," Mr Bather said. "The Mount Nelson is the ninth." The company owns and runs three hotels in Italy, two in the UK, one in Portugal and two in the US.

He said his company — which also runs the famous Orient Express, the train which ferries the rich in opulence from London to Venice — had bought the Mount Nelson because it had the "history and character" to rank with the world's best.

No large-scale changes were envisaged.

"The basics are all there. We will be refurbishing and upgrading the hotel, as well as adding another 48 rooms.

"All the world's great hotels are a bridge between the local community and the world. This is what we aim to establish here."

The established atmosphere will be enhanced, according to Mr Bather, "to ensure that our existing customers will want to come here".

Bar patrons 'whipped' by white men with sjamboks

Stav 17/11/88

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By Anna Louw, East Rand Bureau

Three sjambok-wielding white men last night walked into a multiracial bar at a Germiston hotel — which is mostly frequented by blacks — and allegedly whipped patrons.

Mr Tim Prins (40), of Reiger Park, said he and two friends were having a drink after work at the Court Hotel in President Street.

He said the three men entered at 9.15 pm and started lashing out with sjamboks.

"We stood up to defend ourselves and the men left shortly afterwards.

"They later returned with three traffic officers who were brandishing guns."

Mr Prins alleged that one of the officers pushed a .9 mm pistol in his face with such force that a bullet jumped out of the chamber and landed on the floor.

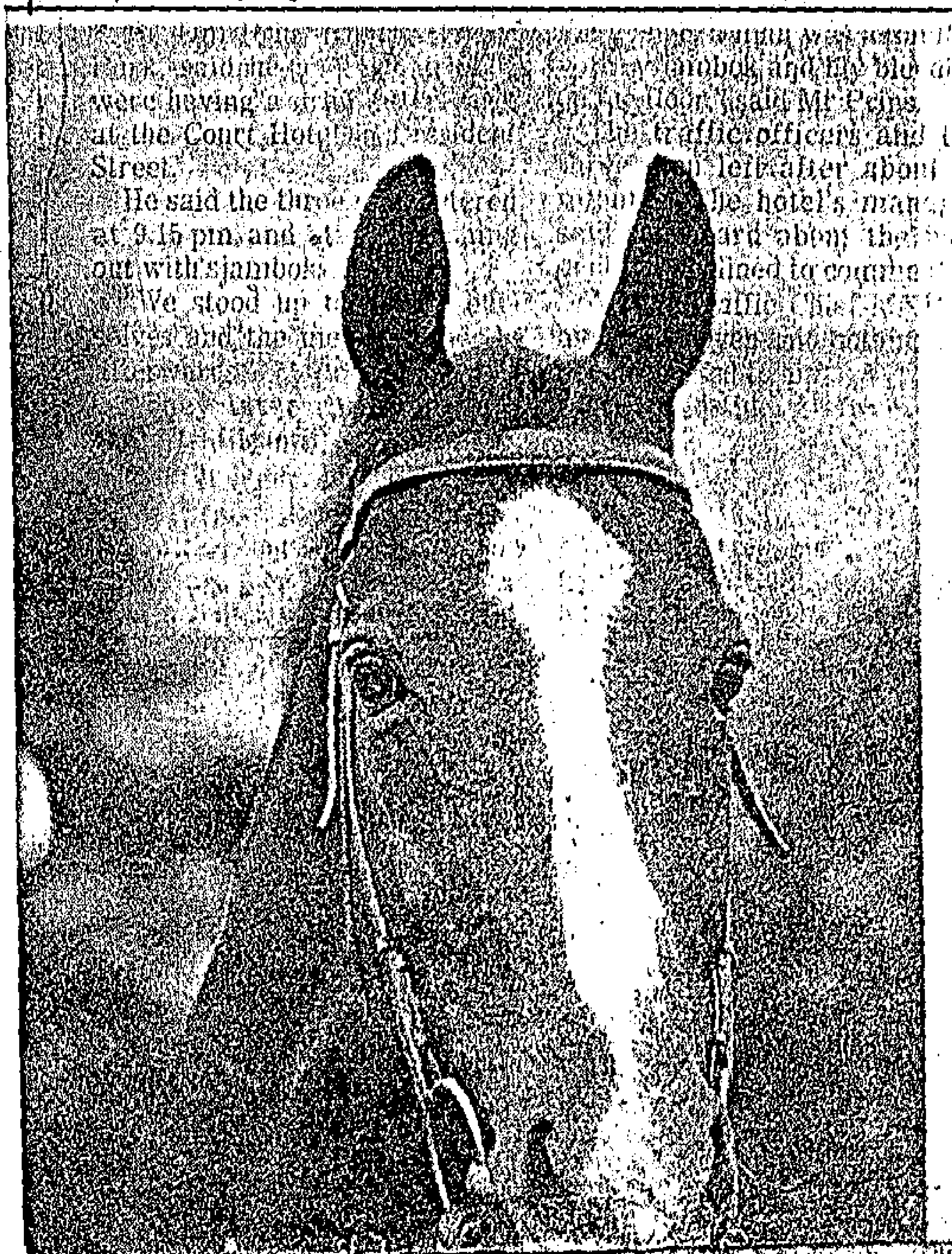
"While the officers were in the lounge, a man was assaulted with a sjambok and lay bleeding on the floor," said Mr Prins.

The traffic officers and the three men left after about 20 minutes. The hotel's manager said she heard about the incident but declined to comment.

Acting Traffic Chief Mr Bennie van Rooyen said nothing had been reported to him.

"It sounds like a serious incident and I will look into the matter," he said.

Mr Prins said he would be reporting the incident to the Germiston police today and would hand in the bullet.



lic Bishops Conference, were the

Beware siren calls of 'luxury' holiday homes in the Cape

Star 22/11/88

(288)

Own Correspondent

CAPE TOWN — Holidaymakers beware! You could be ripped off if you rent a "luxury" holiday home for the Christmas season in Cape Town without going about it properly.

Short-let estate agents tell of holidays that began in tears when people who had rented accommodation privately discovered the sea view was there only if you stood on the roof, and that the "stroll to the beach" was actually a hike of 5 km.

"People come in screaming because the places they've hired are awful," says agent Vicky Norman of Sea Point.

AVOIDING COMMISSION

And Bubbles Keys, who specialises in the Atlantic seaboard, says: "Most of the people who're horribly let down have got hold of the accommodation themselves. An agent, whose living depends on this, will see there is a fair deal all round."

Homeowners often try to sidestep agents to avoid paying commission — which ranges from 10 to 15 percent on properties that run to R300 a day in the upper bracket.

Mrs Keys believes Transvalers are partly to blame themselves. "They want to be in Clifton and they're prepared to pay. And I say that if they'd rather come here than overseas, good luck to the Cape Town home owners and the local economy. Cape Town is becoming more popular every year."

The highest rental she had ever handled came from a man who wanted to let his Clifton flat for R4 500 a week.

"Look, it was a luxury flat, three bedrooms, two bathrooms and very nice, below Victoria Road. But it wasn't right on the beach and for me, if I pay R4 500 I want to roll out of my front door on to the sand."

Another high rental Mrs Keys handled was for a luxury house in Kloof Road, Clifton. "They wanted R400 a day which I thought was quite a lot, but they were throwing in a car and a maid, so perhaps it wasn't so bad. But we didn't let it finally."

Mrs Keys said a holidaymaker could expect to pay between R200 and R300 a day in the Camps Bay and Sea Point areas for a "nice" three-bedroomed, two-bathroomed house with a sea view and pool. Clifton commanded more because of its unique position.

"For the family that isn't expensive if you remember you get a house, pool, and a kitchen.

"But I do think that amount should include service. You don't want to spend all that money and then do the housework yourself. We should be providing serviced accommodation for those prices."

The Argus telephoned the owner of a two-bedroomed luxury flat on the rocks at Bantry Bay which he wants to let privately for R550 a day. He was indignant at the suggestion his flat might be over-priced.

EXCHANGE RATE

"R550 is peanuts, particularly with the exchange rate what it is at the moment." R550 a day overseas would only rate a one-star hotel for a family of four in Europe, he argued.

Muizenberg is also popular but fewer houses there come on to agents' books. Most seem to be let through word of mouth. Owners get about R1 500 a week, considered high, because the houses tend to be run down.

"But with that marvellous beach it's still a prime area," said one.

Karos group launching two inland timeshare ventures

22/11/88

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The Karos Hotel group is making big strides in the timeshare industry with two big inland ventures, one of which is a new R17 million resort on the border of the Kruger National Park.

Only 50 m from the Paul Kruger Gate on the Sabi River, the Karos Hotel and Bush Lodge will have 100 luxury units in the African theme as well as conference facilities for up to 150 delegates.

Mr Selwyn Hurwitz, joint managing director of the Karos group, says: "Timeshare buyers will share all hotel amenities including swimming, pool, tennis and squash.

"Building of the resort will begin next February with completion date scheduled for early 1990."

And in another project, Karos is spending R5 million in upgrading the ideally-situated Mont-aux-Sources Hotel in the shadow of the ampitheatre in the Drakensberg.

Apart from the revitalising of the hotel, 10 self-catering timeshare mountain lodges are available on the hotel property, and about 60 more lodges will be built at a later stage.

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3 of SA's top independent hotels in marketing alliance

Own Correspondent

DURBAN — A new concept whereby South Africa's three top independent five-star hotels have been linked with a marketing and reservations company, hotels and game lodges to share a joint marketing organisation has been officially presented in Durban to members of the travel trade and hotel industry.

Mr Russell Stevens, chairman of the Three Cities Hotels group, said the big three were Durban's Royal, Johannesburg's Carlton and the Mount Nelson in Cape Town. They were now linked under a management company with a marketing and reservations company, Portfolio of Country Places.

Portfolio will be represented in London by a full-time sales and reservations office and will be expanding its customer base in Europe with an intensive sales drive for the benefit of all its independent properties.

Portfolio's joint managing directors, Liz and Tony Westby-Nunn, will leave soon for the World Travel Market at Olympia to launch their new export drive and will investigate all avenues of developing quality package business for properties they represent.

Mr Stevens said: "We are going to continue to personalise our top hotels and try to offer the consumer something different from the normal hotels.

"We have the sales presence in the United Kingdom and Europe, and we have centralised our marketing and sales force to cover the local market in South Africa as well as Europe and are marketing and selling our five-star hotels together."

He said the products in this "confederation" of hotels and resorts would be run as independent products with independent characters.

"Portfolio of Country Places has put together some 40 of South Africa's best such institutions and offers a package of really first-class independently managed and owned properties. It has a marketing concept that can be and is going to be exapnded upon.

"The Royal, the Carlton and the Mount Nelson are all going to participate as three five-star hotels independently owned and managed and marketed in the Portfolio concept.

"Portfolio is going to represent the majority of quality game lodges in southern Africa, the three key hotels and a lot of other unique properties. We can have the advantage of being independent and, at the same time, share a joint marketing organisation."

Top hotel rooms could cost R300 a night

B/day 28/11/88

288

TERRY MEYER

FIVE star hotel room rates could top R300 a night without meals next year, Protea Hotel group chairman Otto Stehlik forecast at a function on Friday to mark the opening of the group's 50th hotel.

Stehlik also estimated that, excluding business travellers, SA probably only attracted between 100 000 to 150 000 "true" overseas holiday travellers a year compared with two million a year in Australia. Yet both countries were equidistant from their major markets.

In an effort to improve the number of overseas visitors to this country, Stehlik also presented the SA tourism board, Satour, with a cheque representing R200 000 worth of accommodation.

He said this would be used to bring out "non-political" journalists to SA next year.

Stehlik also said his group, which manages rather than owns hotels, had recently finalised agreements with the Transkeian government and hotel owners there, to take over a whole range of the homeland's coastal hotels. Casinos are not envisaged in any of the hotels.

A regional office had been opened in the area to deal with these and another five Transkeian hotels that Protea expected to take over there next year.

Stehlik said he believed the peace talks in Namibia would eventually boost regional tourism significantly.

Protea was looking to increase its number of hotels managed to 60 by next year.

Wendle

Cape Times 29/11/88

Captour has plans to raise R500m

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Municipal Reporter

CAPTOUR has planned its 1989 budget to attract an additional 170 000 tourists, "which will result in total indirect additional revenue of more than half a billion rands", chairman Mr Louis Kreiner said yesterday.

Delivering the chairman's address at Captour's 10th anniversary general meeting in the city hall, he said the organisation would have to raise R800 000 over and above its existing funds to finance marketing strategies to achieve this aim.

Captour was confident that it would generate the needed funds, he said. The city council would fully underwrite Captour's administrative costs and match the private sector income for marketing rand-for-rand up to R150 000.

Thousands of new jobs should be created if the extra tourists came. The cost to Captour of doing enough marketing to bring the tourists here worked out to only R100 per job created, compared with the R2 000 or so it cost the Small Business Development Corporation.

When Captour had been formed in 1978 it had hoped to lengthen the tourist season from two months to six by 1988.

"This goal has now been achieved," Mr Kreiner said.

Terrorism won't kill tourism

Cape Times 29/11/88

288

By PETER DENNEHY

TOURISM can survive terrorism — and prosper, says Mr Robert Hall, former chief executive of the Northern Ireland Tourist Board (NITB).

Mr Hall, the guest speaker at Captour's annual general meeting in the city hall last night, said some of his experiences "during 11 years of bombs, bangs and bullets might have some useful application to the local tourism effort here".

He now lives in Tokai, after retiring in 1981. Mr Hall said the 120 000 high-spending holiday tourists South Africa gets each year "is just peanuts".

Northern Ireland had a million tourists, not counting day-trippers from the south, as far back as 1968. Soon after that "the troubles" — the Irish word for unrest — started, and the trade was cut in half.

"We stopped all consumer advertising in 1972. No amount of money could counter all the bad publicity put out daily by the media," he said.

Instead, travel and sporting journalists were brought in and showed "the other side of Ulster", and special interest or activity holidays (golf, fishing, game-fishing, shooting) were promoted. In 1981 there were a million tourists again.

Mr Hall said attention had to be paid to transportation and accommodation as well as marketing.

Charter airlines could bring "millions of holidaymakers" on "sun package" holidays here much more cheaply than at present, he added.

The NITB had "put forward something on which both Protestant and Catholic could agree" in Northern Ireland, and it had enjoyed more credibility than the government.

husband is abolished in respect of marriages of blacks that are made after the Act comes into effect.

The changes were made in the Marriage and Matrimonial Property Law Amendment Act passed by Parliament earlier this

● Contrary to the present position, blacks will be

made before the Act takes effect, the same options available to other races will be available to black couples to change the matrimonial property system ap-

...objects to combat the evil of the woman and children being discarded without dissolving the customary union in terms of customary law," the Minister explained. – Sapa

Dark City gets bright lights

(288)

CP news 4/12/88

CP Reporter

ALEXANDRA residents in search of a non-racial nightclub near their township can now patronise the newly-opened Club Hlase, which offers restaurant and entertainment facilities.

Hlase – which means "spark of fire" – is opening its doors tomorrow at noon, though the grand opening is on Friday, December 2.

The club is situated in the heart of Alexandra's busiest shopping area, Pan Africa, on the ground floor of Yarona Building, and is directly accessible from Louis Botha Avenue, only a few blocks west of Alexandra itself.

It is therefore within easy reach of potential customers travelling by public and private transport or on foot. Arrangements are being made with local taxi owners to ensure that taxis are made available at all times until the last patrons have left the club.

The building has an ample well-lit parking area which will be kept under strict surveillance by the club's trained security staff.

The premises offer not only elegant dining facilities – which are ideal for couples, friends, business people and parties – but also an exclusive ladies lounge, dance floor and general entertainmnet area.

Club Hlase's informal, yet sophisticated atmosphere, plus vigilant security, provides the ideal surroundings in which to relax after a busy day.

The club also offers good food and dance music.

A cross-section of local business and community leaders have been invited to the grand opening.

These include Leepile Taunyane – a well known local educationist, Phil Mthimkhulu, National Executive Chairman of Business College and Steve Burger, former Alexandra Administrator.

Reservations can be made by telephoning Club Hlase manager/owner Steve Mashile at 885-3155.

More fun under the sun?

SUN INTERNATIONAL may construct another hotel at Sun City, Sol Kerzner said yesterday.

(288) 5/7/1M 4/12/88

"A new hotel is under consideration but it is still being negotiated," he said.

Earlier, Kersaf MD Ian Heron said a plot of land just north of the Cascades with a view of the existing buildings, the Superbowl and the golf course was being considered.

The new units would be justified because of Sun City's 80 percent occupancy rates, higher than the average for the industry in SA, he said.

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Weekend operation nets 29 juveniles

Police to step up raids on bars, clubs

By Craig Kotze, Crime Reporter

Police are poised to crack down on hotel and nightclub owners selling liquor to children throughout the country after 29 juveniles were found in clubs and bars in Johannesburg during a huge police raid on Friday night.

The weekend raid, one of the biggest of its kind in the country, resulted in charges against the managers or owners of four establishments — the Chelsea Hotel, Little Roseneath Hotel, the Kiss Kiss disco and the Twilight Zone disco in the Ambassador Hotel.

Narcotics Bureau

More than 500 policemen and policewomen from the Witwatersrand Uniform Branch, Narcotics Bureau and Child Protection Unit took part in the operation, commanded by Lieutenant-General Mulder van Eyck.

Law and Order Minister Mr Adriaan Vlok, his deputy Mr Leon Wessels, and their wives were also present. There was also a large contingent of reporters.

General van Eyck said the police were concerned about juvenile crime.

"We have been worried for a long time about juvenile crime in Johannesburg and the lack of control over children. We will carry out more of these operations because we cannot allow the situation to continue.

"We found that certain premises were overcrowded and under-age people were being served liquor at unlicensed premises. We can't allow people just to make money out of children," said General van Eyck.

At least another 64 suspects were arrested on charges ranging from prostitution to possession of Mandrax. Eighteen motorists were also detained on drunken driving charges.

Other premises raided were: The Europa Hotel, Mogambo's, Maxim's, Moon City, San Lorenzo disco, The Quirinale Hotel, Midnight Star, The Thunderdome, The Dome of Carlton and Boobs disco.

● Cash and gambling machines worth more than R600 000 were also seized at the International Casino in High Point, Hillbrow. Five management members were arrested and the particulars of 25 alleged gamblers were taken. They will be issued with summonses soon.

The Bella Napoli in Pretoria Street, Hillbrow, was one of those raided by police, who later had to use dogs to disperse hundreds of patrons who gathered on the pavement after the place was closed for the night. Fights also broke out between police and patrons. ● Picture by John Hogg.

Timeshare 'not harming hotel trade'

Star 5/12/88

288

Finance Staff

A timeshare expert has rejected Government fears that the introduction of timeshare was harming the hotel industry.

Mr Brian Stocks, managing director of Southern Sun Timesharing, said that in the last five to six years timesharing had been responsible for R100 million being spent on upgrading hotels and on new hotel projects.

There had also been a substantial improvement in occupancies and the levelling out of the travel industry's peaks and lows.

At the same time, a high percentage of rooms — about 30 percent — was used by non-timesharing hotel guests.

Mr Stocks was speaking at the SA Property Owners' Association/RCI timeshare convention being held this week on the Wild Coast, the most significant gathering of timeshare developers and marketers yet held in South Africa.

Disturbing tendency

Mr Stocks was reacting to a recent comment by the Deputy Minister of Economic Affairs and Technology, Mr George Bartlett, about the disturbing tendency of more and more hotels to convert to timesharing.

Mr Bartlett said a potential danger of this trend was that valuable foreign exchange could be lost because foreign tourists could not be accommodated in these hotels.

Mr Stocks said that with low occupancies and reduced tax allowances there was no incentive to invest in hotels, which were showing losses or, at best, pathetic returns on replacement costs.

Since the introduction of timeshare there had been a substantial improvement in occupancies, particularly during the winter.

And, apart from better occupancy levels, other benefits included constant staffing levels, better long-term staff training, more efficient cost recovery and a longer stay per guest.

(288)

Hotel industry gears up for tourist influx

Star 7/12/88

By Frank Jeans

The South African hotel industry is on an expansion phase, with the major groups not only gearing up for an increasing tourism trade here but eager to drive into foreign markets.

Sun International, Holiday Inn, Protea and the Faros groups are all ready to capitalise on what is generally seen as a "strong upsurge in demand" from tourism.

There is little doubt that the favourable rand exchange rate for overseas visitors providing them with comparative "bargain" holidays in South Africa, is a major reason for the renewed influx.

The big ones in the SI development portfolio are the two hotels in the Comores Islands, with opening date scheduled for next March or April.

Exterior of the R15 million Taung Sun, newcomer to the Sun International family.

It is understood, too, that the group is taking another look at the holiday isle of Mauritius, where it already has three operations and at home, the eighth hotel in the Bophuthatswana network, the R15 millin Taung Sun, north of Kimberley recently opened.

The Holiday Inn group, which has nearly 1 700 hotels worldwide, is involved in the South African rejuvenation costing about R32 million and covering 20 of its local operations.

The Cape Town Inn has had a R4 million revamp and the successful Riverside Inn on the banks of the Vaal at Vanderbijlpark has got a super new look costing R4,5 million.

The main thrust here is to catch an even bigger slice of the lucrative local and international conference market.

At the relaunch of the Cape hotel, Mr Peter Hearfield, HI's group operations director, said: "We are gearing up to take on all challengers in the hotel industry well into the 21st century."

The R2 million revamp of the Downtown Johannesburg Holiday Inn — the old Landdrost — is also paying big dividends in occupancy levels.

The Protea group, which moved into the business only four years ago, has embarked on a R120 million renovation programme and aims to have 60 hotels under its banner by the end of next year.

At a recent Protea Press conference, chairman, Mr Otto Stehlik said negotiations with the Transkeian Government had been finalised to allow "various private parties to take over a whole range of coastal resorts".

Protea will also launch a new resort called Embotyi, south of the Wild Coast Casino.

"We are also talking with the Malawian and Mauritian Governments with a view to opening new operations in these countries," said Mr Stehlik.

"We have also had approaches from Greece, Portugal and London and one day, we will be in these places."

Karos Hotels, which is going strongly in the timeshare-hotel business, is to open a R17 million resort on the border of the Kruger National Park — a project which will have 100 luxury units and conference facilities close to the Paul Kruger Gate.

In another R5 million development, Karos is upgrading the ideally-situated Mont-aux-Sources Hotel in the Drakensberg in the shadow of the ampitheatre. The first phase of a 10-unit timeshare project alongside the hotel is now complete.

management committee chairman.

ministrator of the Transvaal to invite the Townships Board to study proposals. For-

...of the airport to allow it to run a customs unit to handle import and export business," Mr Becker said.

Price of hotel accommodation likely to soar

Star 7/12/88

288

By Frank Jeans

The cost of staying a night in a top-class South African hotel could be as high as R300, without breakfast, before the end of next year.

That's the prediction of Protea Hotels chairman, Mr Otto Stehlik, who spoke at the group's press conference in Johannesburg.

Mr Stehlik pointed out, however, that with refurbishment of existing hotels, rather than newly-built units, his company could accommodate people for R35 a night.

Another key issue which was tackled at the conference was the question of a more balanced holiday season spread during the year.

Mr Spencer Thomas, executive director of the South African Tourism Board (Satour) said an in-depth investigation would be launched to determine the percentage of the South African population affected by the present school holiday structure and the effect this had on the holiday pattern, the economy and road safety.

"Satour will focus its activities on the out-of-season period, and encourage those not directly involved with school holidays to have their vacation out of season," said Mr Thomas.

Hotel accommodation during the school holiday periods is said to be under tremendous pressure and the sudden rise in road traffic, with its annual toll of increasing road fatalities, is another major problem.

"The burden on the infrastructure during peak periods is aggravated by the fact that most overseas visitors are in South Africa during these months, while increasing numbers of South Africans are also exploring the local market," said Mr Thomas.

The Star Finance

(288)

Hotel industry gears up for tourist influx

Star 7/12/88

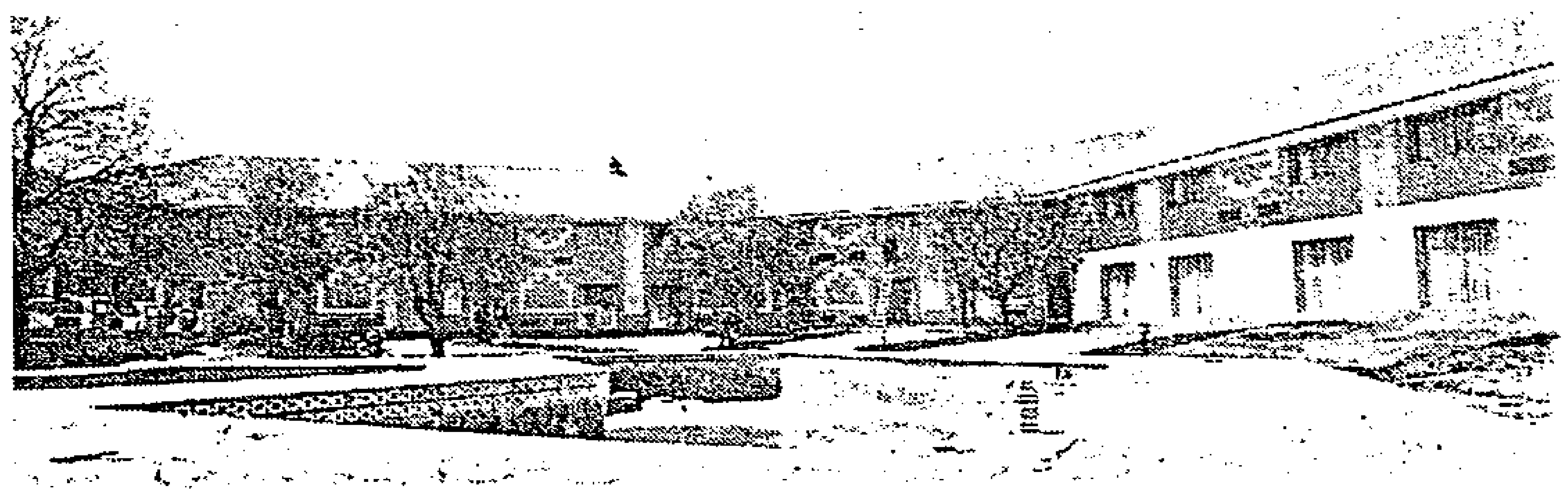
By Frank Jeans

The South African hotel industry is on an expansion phase, with the major groups not only gearing up for an increasing tourism trade here but eager to drive into foreign markets.

Sun International, Holiday Inn, Protea and the Faros groups are all ready to capitalise on what is generally seen as a "strong upsurge in demand" from tourism.

There is little doubt that the favourable rand exchange rate for overseas visitors providing them with comparative "bargain" holidays in South Africa, is a major reason for the renewed influx.

The big ones in the SI development portfolio are the two hotels in the Comores Islands, with opening date scheduled for next March or April.



Exterior of the R15 million Taung Sun, newcomer to the Sun International family.

It is understood, too, that the group is taking another look at the holiday isle of Mauritius, where it already has three operations and at home, the eighth hotel in the Bophuthatswana network, the R15 millin Taung Sun, north of Kimberley recently opened.

The Holiday Inn group, which has nearly 1 700 hotels worldwide, is involved in the South African rejuvenation costing about R32 million and covering 20 of its local operations.

The Cape Town Inn has had a R4 million revamp and the successful Riverside Inn on the banks of the Vaal at Vanderbijlpark has got a super new look costing R4,5 million.

The main thrust here is to catch an even bigger slice of the lucrative local and international conference market.

At the relaunch of the Cape hotel, Mr Peter Hearfield, HI's group operations director, said: "We are gearing up to take on all challengers in the hotel industry well into the 21st century."

The R2 million revamp of the Downtown Johannesburg Holiday Inn — the old Landdrost — is also paying big dividends in occupancy levels.

The Protea group, which moved into the business only four years ago, has embarked on a R120 million renovation programme and aims to have 60 hotels under its banner by the end of next year.

At a recent Protea Press conference, chairman, Mr Otto Stehlik said negotiations with the Transkeian Government had been finalised to allow "various private parties to take over a whole range of coastal resorts".

Protea will also launch a new resort called Embotyi, south of the Wild Coast Casino.

"We are also talking with the Malawian and Mauritian Governments with a view to opening new operations in these countries," said Mr Stehlik.

"We have also had approaches from Greece, Portugal and London and one day, we will be in these places."

Karos Hotels, which is going strongly in the timeshare-hotel business, is to open a R17 million resort on the border of the Kruger National Park — a project which will have 100 luxury units and conference facilities close to the Paul Kruger Gate.

In another R5 million development, Karos is upgrading the ideally-situated Mont-aux-Sources Hotel in the Drakensberg in the shadow of the ampitheatre. The first phase of a 10-unit timeshare project alongside the hotel is now complete.

(288) FMAIL 9/12/88

HOLIDAY HOMES

Will sales tide turn?

People who aren't considering buying a second home, a holiday flatlet or taking out a fortnight's timeshare at the exotic "mozzies will get you if the ticks don't" game lodge are the odd ones out ... or so the sales hype, which reaches fever pitch at this time of year, would have one believe.

Understandably, and rightly, the agents and brokers are only plying their trade to make a living. But just how successful will they be this year? The holiday home marketeers, whether in straight freehold, sectional title, or timeshare sales, are geared up for one of their annual selling peaks — it is estimated that 25% of all holiday accommodation sales take place over the Easter, July and December holiday periods.

Certainly, if some estate agents are to be believed, it is both a buyers' and a sellers' market. Furthermore, Sapoa points out that SA timeshare unit sales have climbed steadily and seem to transcend the influences of the economy.

Nevertheless, the reality of the current economic climate cannot be ignored. Interest rates are being applied as a lever to squeeze down expenditure and high bond rates (17%-18%) are more likely to climb than decline. Most families will be looking to hang on to existing property investments rather than adding to the mortgage burdens. Even the 10c/*l* petrol price increase, although it only comes into effect in January, could convince some families to keep their money at home.

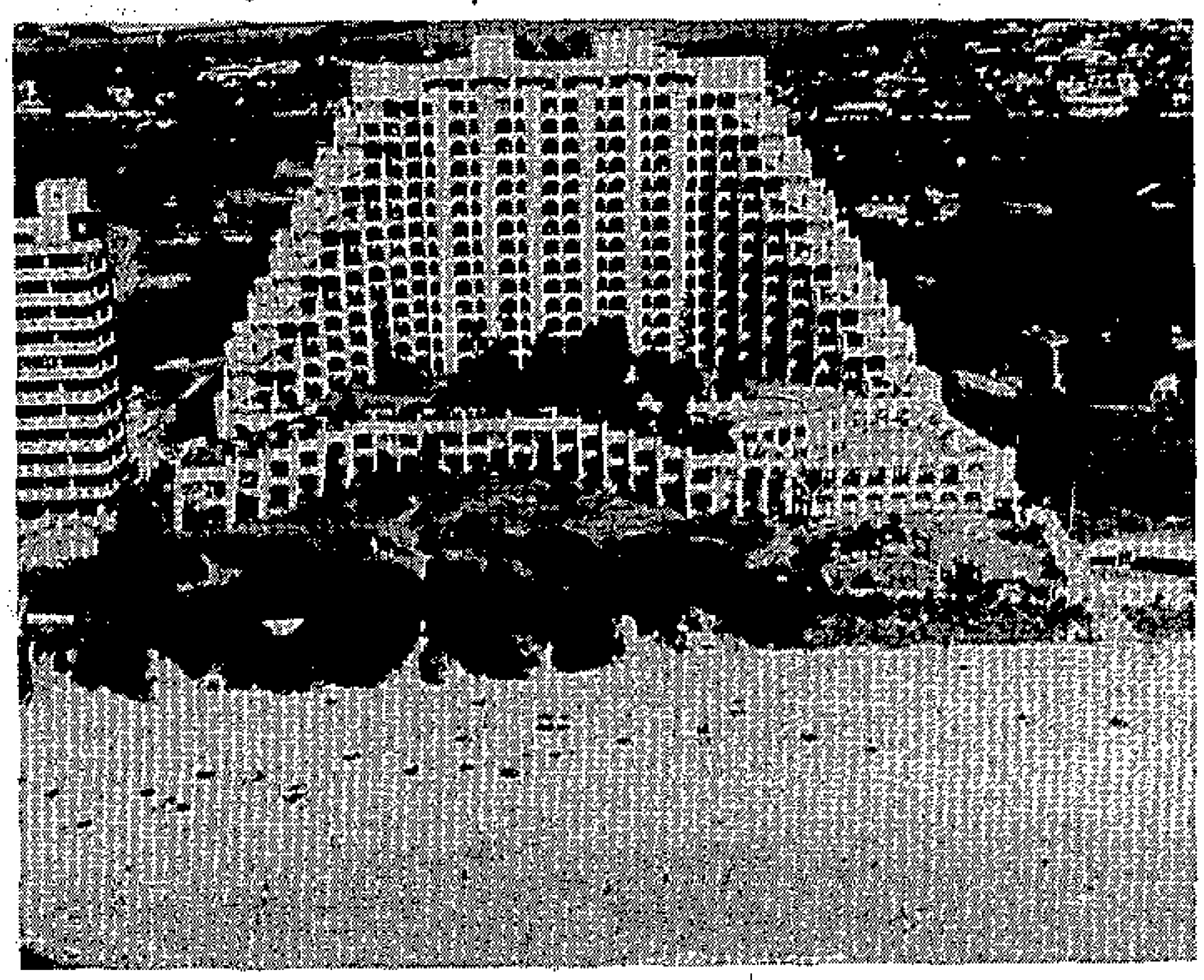
However, there are always some people with surplus "disposable" income and for them it should be a good buyers' market with asking prices down and highly negotiable.

In the sellers' favour, is the declining value of the rand against foreign currencies, discouraging South Africans from holidaying abroad. Some of that saved money will inevitably find its way into local holiday home investments. It will also (particularly in terms of the financial rand) play a role in attracting foreign investment to the SA leisure industry.

Other factors which could stimulate sales, particularly in terms of more exclusive environmentally pleasing holiday chalets is the declining number of greenfield coastal sites available, rising building costs (encouraging people to buy now rather than later) and even increasingly strict environmental controls.

Perhaps typical of such developments is a sectional title project called Artego Bay at Zinkwazi on the Natal North Coast. Developed by Avfin, a company more used to aviation and plant finance than holiday property, it will ultimately have a value in the region of R10m. The first phase involves 60 detached units, each selling at about R150 000.

The properties on this development are just coming on to the market as completed units — no attempt was made to sell them off plan because the project (prior to Avfin's involvement) had a poor track record with financial backers pulling out.



Timeshare seems to transcend the influences of the economy

This may, however, have proved to be something of a serendipity, since it would have been difficult to show on paper one of the most attractive aspects of this development — namely the low density (environmental controls restricted the developers to covering only 10% of the site with building). This meant many of the trees could be retained in the landscaped gardens.

On the timeshare front, Sapoa executive director Peter Erasmus says growth is nothing short of remarkable. "Experience of selling timeshare overseas shows that whatever growth indicators one takes, units sold or revenues, they show a rising straight line of growth with no dips for recessions. The SA experience over about seven years mirrors this experience.

"The striking thing is that timeshare seems to be impervious to the cyclical aspect of the property market and the ups and downs of the economy.

"Who knows where it will end? Penetration of the market, defined as disposable income of the SA public, isn't that great, so there is still enormous potential." ■

Cape one of world's cheapest places to holiday

Cape Times 10/12/88 288

CAPE TOWN is one of the world's cheapest cities when it comes to bargains for international tourists and business visitors.

This is the direct implication of a survey of 74 centres published in a recent edition of the magazine "Business Traveller", found that it cost an average of $90 or R212 a day to visit Johannesburg, with only Lagos in Nigeria cheaper at $63 (R149) a day.

Central Statistics Department figures indicate that Cape Town is usually cheaper than Johannesburg.

The survey said the average costs were calculated on the basis of a theoretical daily cost of living in a single room with a bath in a first-class hotel, including meals, taxes and service charges. A small allowance was also made for entertainment.

The most expensive city to stay in was Tokyo at $377 (R890) a day, followed by New York ($322/R760), London ($300/R708) and Paris ($293/R691). Sydney cost $250, or R590.

Fred Thermann, executive director (operations) of the Federation of Hotel, Liqour and Catering Associations of South Africa (Fedhasa), said in a Press release that as both a tourist and business destination South Africa was the cheapest country to visit.

"Obviously the low value of the rand makes a South African visit inexpensive for visitors from countries with strong currencies. However, even in rand terms, local hotels are still inexpensive and offer tremendous value for money across the board," he said.

"The word about South Africa is out. After being the best-kept secret among international travel circles, South Africa is now being strongly, if informally, promoted as a tourist destination."

The results were to be seen in the September figures for foreign tourist bed occupancies at South African hotels supplied by Central Statistical Services. These showed there had been a 45,8% increase in bed nights sold to tourists compared with the same month last year.

The visitors were fairly evenly spread among the top hotel grades but it was interesting to see that the lower grades were receiving a large share of the cake, indicating a broadening of the appeal of South Africa to different income brackets overseas.

Johannesburg, Durban and Cape Town were the biggest draws for foreign visitors, attracting 66,4% of the total bed nights between them. The most tourists still come from Britain (23%), followed by West Germany, North America and Asia.

Bed occupancies averaged 53,3% nationwide, up 8% on 1987, reflecting the increase in overseas visitors as well as the continued upturn in domestic tourism.

For the first nine months of the year Johannesburg and Pretoria received the lion's share with bed occupancies averaging 66,32% and 72,26% respectively. Cape Town had 58,8%.

"Interestingly, small hotels with less than 40 rooms have recently shown an improvement in room occupancies with the September figures up 9,7% compared with September last year.

"This is a good sign that South Africans are beginning to explore their own country," Thermann said.

Staff Reporter

What the rest of the world will cost you...

City	$cost/day	%age increase since '86
Tokyo	377	162,0
New York	322	121,7
London	300	167,1
Paris	293	154,2
Seoul	278	169,5
Geneva	276	154,1
Taipei	258	155,6
Sydney	250	197,0
Hong Kong	245	144,3
Madrid	236	157,3
Zurich	233	137,9
Amsterdam	218	133,1
Rome	209	143,3
Brussels	205	146,1
Athens	178	133,1
Montreal	178	127,6
Rio	175	117,6
Lisbon	161	152,2
Mexico	155	112,1
Johannesburg	90	124,0
Lagos	63	34,9

Another posh hotel at Cape

S Times 11/12/88 (286)

CAPE Town is to get another up-market five-star hotel.

The 70-room Bay Hotel on the Camps Bay beachfront will open next November. The R12-million development incorporates the old Rotunda, a familiar landmark which dates back to the early 1900s.

It will be run by Steve and Nicky Fitzgerald, who operate the Arniston Hotel and Blues and Squares restaurants.

"We are not going for conference business," says Mr Fitzgerald. "We are aiming at the the individual traveller who demands luxury and service."

The development is being undertaken by the Arniston Hotel company and a consortium of businessmen.

Tourists stream into Cape Town

CAPE TIMES 12/12/88 288

By PETER DENNEHY

TOURISTS are streaming into Cape Town at a rate of several hundred a day, according to toll-keepers at the Huguenot tunnel — and this is only the beginning.

Mr Wynand Dreyer, the general manager of Tuncor, which operates the tunnel, said the number of vehicles going through it on an average mid-week day is roughly 2 000 either way.

Yet since the mayor of Cape Town, Mr Peter Muller, welcomed the first of the Transvaal holidaymakers to the city on Thursday, many more visitors had been streaming in on that route.

Between 2pm on Thursday and 2pm on Friday, 3 235 cars passed through going towards Cape Town, 756 more than the 2 479 cars which went in the other direction (towards Worcester).

The next day the number of outward-bound cars, 3 519, almost equalled the 3 520 coming in. Mr Dreyer explained that the Cape Peninsula had lost a lot of vehicles with the start of the builders' and civil engineers' holidays.

Between 2pm on Saturday and 2pm yesterday, 2 838 cars left the Western Cape on that route, while 3 257 came in.

This reflected a net gain of 419 cars in a single day, many of them surely bearing tourists.

Tourists are rapidly filling the hotels, restaurants, parking lots — and cash tills — of Cape Town. Many more visitors to the city are expected in the next few days.

Mr Louis Kreiner, chairman of Captour, said yesterday: "The school holidays upcountry have just begun, and far more visitors should arrive closer to Christmas. We have plentiful accommodation for them all, despite what Durban says. We have a coastline full of holiday accommodation.

"When Durban boasts about how much more accommodation it has, it does not count all our small bed-and-breakfast places and camping sites."

Star 16/12/88 (288)

Call on police for proof-of-age ruling

Vice raids cut back nightclubs' business

By Craig Kotze and Grant Shimmin

Johannesburg nightclub owners have reported a considerable drop in business since police began their anti-vice operations recently.

And Sanca, the South African National Council on Alcoholism and Drug Dependence, has urged that serious consideration be given to revoking the licences of premises which sell liquor to under-age juveniles.

According to many nightclub owners approached by The Star yesterday, the drop in custom was because many younger patrons had been "scared off".

Young patrons crowd many venues countrywide, especially during the holiday season.

One nightclub owner has appealed to police to make it mandatory for clubgoers, or people out drinking, to carry identity documents.

Police have warned of a relentless campaign to combat the exploitation of juveniles by certain nightclubs and other premises.

On Wednesday night detectives raided more than 60 premises in Johannesburg alone. In all, 1 668 premises were raided countrywide.

"This is only the introduction. We will go ahead, on a continuous basis, with these operations," said Ministry of Law and Order spokesman Lieutenant Peet Bothma.

Sanca and the Johannesburg Child Welfare Society welcomed the latest operation, in which 1 546 people were arrested.

Sanca said: "We welcome the SAP's raid on illegal drug and alcohol dealings.

Suspend licences

"This supports our fight against our problem of alcohol and drug abuse, and positively shows that society chooses to accept that alcohol and drugs are potentially dangerous substances.

"The responsibility to deal with the problem must be accepted by the community as a whole, and cannot only be executed by an organisation such as Sanca.

"It is about time the real perpetrators — the suppliers of alcohol to people under 18 — be brought to book.

"Serious consideration should be given to suspending or withdrawing the licences of such people."

Police also said yesterday that a noticeable improvement in the vice situation in Hillbrow, Johannesburg, had already been seen an earlier raid. Narcotics detectives had kept up the pressure in the area.

But nightclub owners have also said how difficult it was to screen all patrons.

One said it was difficult to stop people under 18 from entering because many looked older than their real ages.

Only those who "looked under 18" were stopped and asked to produce identification.

He said customers found it insulting to be asked to prove their age.

Another owner said he has started asking all customers for identification. But this was detrimental to business because those turned away simply went to other clubs.

He appealed to police to make the task of nightclub owners easier by releasing a statement saying any person who went out drinking had to carry proof of age.

It would take only a few weeks before the regular younger frequenters of nightspots realised that they would not be admitted without the necessary proof.

Jingling tills bring Christmas cheer as Cape Town spends

W/ARGUS 24/12/88

by JEREMY DOWSON and KAREN STANDER
Weekend Argus Reporters

THE weather may be cloudy this Christmas, but business couldn't be sunnier for Cape Town's tourist industry.

According to Captour spokesman Ms Marion Kelder there are about 75 000 visitors in the Greater Cape Town area at present.

"We're keeping a daily check," Ms Kelder said today. "Indications are that the number of visitors has increased by about 20 percent over last year."

One of the key trends noted this season was the "high number" of first-time visitors to Cape Town.

"Captour opened an office in Johannesburg a few years ago, and this seems to have a lot to do with the steady increase in upcountry visitors," Ms Kelder said.

City hotels reported occupancy rates of between 90 and 100 percent.

A spokesman for the ive-star President Hotel in Sea Point said it was about 96 percent full.

"We're expecting the hotel to be completely full within the next day or two."

While the occupancy rate was "much the same as last year's", there had been a marked increase in turnover at "outside" facilities such as bars and restaurants.

The Newlands Sun Hotel was 95 percent full, while the general manager of the Vineyard Hotel in Newlands, Mr Richard Johnston, said his hotel was full.

Overseas visitors were "definitely back", he said.

Plans to tame the Sun City 'hell run'

S/Times 25/12/88

288

By IVOR CREWS

SUN CITY and the South African Transport Services are involved in delicate negotiations to run a train service next year from Johannesburg and Pretoria to the gambling resort.

If the scheme gets the green light motorists won't have to cope with heavy traffic, straying livestock, poor signposting, and irresponsible and drunken driving every time they take the "hell run" to Sol's Sun palace.

In a spate of recent incidents mobs from villages inside the borders of Bophuthatswana, which line the road, have gone on the rampage — stoning cars and buses en route to southern Africa's premier gambling extravaganza.

Signposts

Now in an effort to make the journey safer for motorists Sun International, which owns and manages the luxury resort, has several contingency plans in the pipeline. These include:

● A train which will leave Johannesburg, pick up passengers in Pretoria and ferry them to a terminus only 9km from Sun City. From there they will be met by luxury coaches which will take them to the resort.

● Luxury coaches which will transport passengers directly to Sun City by bypassing built-up areas and trouble spots.

● More signs to be erected on national roads to direct motorists to the resort by the shortest and safest route.

A spokesman for Sun International said plans for the train were still being negotiated with the South African Transport Services (SATS) and it was hoped the operation would come into effect next year.

And Mr Edgar van Ommen, manager of the Sun City complex, said: "We are very worried about the incidents. Both the SAP and Bophuthatswana police are cooperating in the crackdown on violence."

Col Steve van Rooyen, of the SAP public relations division in Pretoria, warned that the SAP would not tolerate violent acts against motorists.

"People guilty of these offences will be charged with public violence and, depending on the circumstances, offenders could be charged with attempted murder. The penalties carry long jail sentences," he added.

● This week nine people appeared in the Rustenburg magistrate's court on charges of public violence in which one person died and 31 were injured after a mob of about 4 000 rock fans went on the rampage last weekend causing damage estimated at R250 000.

● In November, two buses travelling from Sun City to Johannesburg were stoned near Rustenburg. Nobody was hurt although the buses were damaged.

Regular

Mr J D Visser, Impala Ranch coach tours operations manager, said that stone-throwing was "a regular occurrence" and their buses were frequent targets although nobody had been injured in previous attacks.

● In October, four youngsters were forced to flee for their lives after they were attacked and their car stoned by a mob in Bophuthatswana's Tlhabane township outside Rustenburg.

Whisky drinkers likely to pay more in '89

30/12/88

Staff Reporter 288

South African whisky drinkers will pay more for secondary brands next year and connoisseurs will have to fork out more for their favourite premium brands, according to spokesmen for major liquor stores.

The spokesmen say a possible increase of more than 20 percent in import prices could lead to large increases in retail prices.

One spokesman says there are a number of factors involved. The United Distillers Group (UDG) in Scotland, which controls a number of distilleries, is increasing the price of some premium brands.

In order to prevent whisky drinkers from switching from premium to secondary brands, the UDG is also increasing the prices of secondary brands.

Thespokesman says that in the case of increased import prices, retailers who are also direct importers will have an advantage.

He says the solution for consumers would be for people to group together and buy their whisky in bulk, as it is cheaper by the case than by the bottle.

At present, the prices of secondary brands range from about R10,50 to R13 a bottle, with case prices from about R118. Premium brand prices start from about R18 a bottle, with the most expensive brands retailing at about R186 a case.

The spokesman says it is difficult to tell what the percentage increase will be as the rand:sterling exchange rate also plays a part.

SERVICES SECTOR -

ACCOMM. LIQUOR & CATERING - GENERAL

1989

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S Times 1/1/89

Holidaymakers' double-up shock

288

By SHAUN HARRIS

TWO busloads of Cape Town holidaymakers arrived in Durban to find their pre-paid accommodation at a private lodge on the plush Berea had been double, treble, and in some cases quadruple booked.

They had no alternative but to share their holiday rooms with strangers on Friday night, resulting in the 42-room Florida Private Lodge — which can legally accommodate 105 people — being packed with 171 disgruntled guests.

Alarmed Berea residents contacted the authorities and, when Durban fire department officer Jock Litterick arrived at the lodge, he found 15 people sharing one room.

"They moved people's belongings out of a room to put us in," said Mrs Francis Roman, of Athlone.

"The people returned that night and wanted to know what we were doing in their room.

"Luckily, they were nice people, and eight of us ended up sharing a room with four beds," she said.

Mr Litterick gave the owners of the lodge until midday yesterday to find alternative accommodation for the overbooked guests, which he said they seemed to have found.

Mr T D Maharaj, who said he was a director of the company which owned the lodge, refused to comment.

Disgusted

But Durban Publicity Association head Andrzej Kiepiela said he would be contacting Mr Maharaj and taking action against him if necessary.

"We are disgusted that this sort of thing takes place, and appeal to visitors to report any problems they have with any services in Durban to us."

Equally upset was Cape Town bus driver Farouk Singh, who bore the brunt of some of the holidaymakers' anger.

"We are now the subject of local residents' complaints. We are not those kind of people, we are just trying to have a holiday. This landlord will have to be sorted out," he said.

Kersaf offers both security and potential for investors

Star 9/11/89

(288)

Bottom Line

MICHAEL MENOF

Casino resort entertainment giant Kersaf has a reliable reputation among investors.

Even though its Transkei resort development is currently on hold pending clarification of the issues arising from the commission of inquiry, this will not hold back a group of Kersaf's stature, held 76 percent by Safmarine/Rennies.

The off-shore operations conducted through Royal Resorts hold exciting possibilities with the stated intention of expanding overseas operations so that their earnings equal those earned from Southern Africa in the medium term.

Its two new resort hotels on the Indian Ocean Comores Island open in April 1989.

The formation in July 1987 of the Interleisure group, held 39 percent by Kersaf, will develop well-known food outlets and has already diversified into the sports goods sector.

Sun International operates in eight independent countries in Southern Africa and already enjoys a dominant position in its selective target markets — gaming and casino resorts.

In the latest annual report SA tax is a mere R6,51 million (1987: R5,46 million) compared to foreign taxes of R48,76 million (1987: R10,5 million) emphasising the spread of investments in the independent homelands which further provide job opportunities there.

Turnover increased to R948,5 million (1987: R623 million). Operating profit of R261,04 million (1987: R151,71 million) included interest received R10,03 million (1987: R7,37 million).

After deducting interest paid, R7,32 million (1987: R8,44 million), all taxes — normal, deferred, withholding and film investment write-offs — R68,93 million (1987: R21,95 million) and minority shareholders' profit share R102,29 million (1987: R61,27 million), earnings attributable to ordinary shareholders totalled R82,57 million (1987: R60,04 million).

The total tax-effective rate has increased from 15,7 percent to 27,3 percent.

What really made the income statement look impressive was the extraordinary items gain of R37,27 million (1987: R13,03 million) less outside shareholders' portion R10,5 million (1987: R3,06 million) from the sale of subsidiaries, other investments and properties, flotation of underlying subsidiaries, and the write-off of investigation and project costs.

Capital profits

The annual report says "this is mainly capital profits realised on the changes in the Royale Resorts' shareholding, as well as on the sale of freehold properties."

During the year, British and Commonwealth Holding PLC sold their stake in the company and another European shareholder acquired an interest.

More details, reasons for the sale and just who is the European shareholder certainly merited disclosure. Earnings per share totaled 110c (1987: 81,6c) with the dividend increased to 70c (1987: 52c).

The casino hotels continue to out-perform competitors and the 70 percent average occupancy was up three points on 1987 and well above industry average.

The new Morula Sun and additional rooms available at the Wild Coast Sun and Gaborone Sun all helped operating profits increase. Interleisure's operating profit of R38 million for the year was well above expectations. Unfortunately no income contribution was disclosed from the various hotels and casino resorts.

Shareholders' equity improved marginally to R438,78 million (1987: R425,11 million) at the end June 1988.

This was after deducting massive goodwill, trademarks and franchise agreements of R367,3 million (1987: R311,8 million). Outside shareholders' interests totalled a high R409,54 million (1987: R346,97 million).

Total debt has risen substantially to R327,51 million (1987: R93,22 million) but so too have cash resources to R266,91 million (1987: R142,74 million).

The working capital deficit has worsened to R79,89 million (1987: R7,55 million). However, the group can afford this deficit as it produces substantial daily cash receipts from its activities, much along the lines of the supermarkets.

Net worth per share increased minimally to R5,85 (1987: R5,67) compared to the current JSE price of R13,75 — a premium justified by the group's status and backing.

Future trading conditions will be adversely affected by the restrictive economic measures and by the political uncertainties prevailing in the Southern African region, says chairman Mr Dick Goss and MD Mr Ian Heron.

Reasonable growth in earnings for 1989 are forecast but why is management not disclosing Royale Resort's strategy and projections for the next five years?

With Safren behind them and Sol Kerzner overseas looking for opportunities, investors have both security and potential to look forward to.

relative of Le-shoeshoe — had found Mahobe's evidence about the transactions — carried out have realised the transactions were not legal.

against those CP co ment relationships

'Middle-class' hotels do well

BDay 12/1/89

GERALD REILLY

PRETORIA — Two-star and three-star hotels showed the highest increases in income in the 12 months to end October, the Central Statistical Service says. Two-star establishments had the biggest increase — 28,1%.

In the January-October period room occupancy rate increased by 7,4%, and bed occupancy by 6,1%, compared with the year before.

Two-star, three-star and five-star hotels all showed increases in room occupancy rates, with the largest in two-star hotels, 14,1% in the year to end October.

Three-star hotels had the highest room occupancy rate at 62,5%. All gradings, except one-star hotels, had average room occupancy rates exceeding 60% in October.

Only 13 of the 21 tourist regions had increases in room occupancy,

Koevoet will become ordinary policemen

BDay 12/1/89

MANDY JEAN WOODS

WINDHOEK — The 3 000 members of Koevoet, a specialist police unit formed in 1979 to combat counter-insurgency in northern Namibia, would be absorbed into the regular SWA Police Force, police liaison officer Kierie du Rand said yesterday.

The disbanding of Koevoet had already started and would be completed by April 1, he said.

A Swapo spokesman said Swapo totally rejected the integration of Koevoet into the regular police force, saying "they are known as killers". He said Swapo would make their presence known to UN forces, if necessary.

Du Rand said Koevoet had had a success rate of 75% to 90% a year in eliminating insurgents.

Commenting on numerous allegations about the brutality of Koevoet against residents of northern Namibia, he said: "It has been a thorn in Swapo's side and so they became a target for Swapo propaganda.

"More than 100 civil cases of assault were lodged against Koevoet, many of which either never made it to court or were chucked out of court," he said. Only two charges of murder were brought against Koevoet, both of which resulted in a guilty verdict, he said.

The disbanding of Koevoet would mean "an extra few million rand in the Namibian police budget". With less ammunition used and fewer vehicles damaged, there would certainly be big savings on the budget.

Meanwhile the 7 000-strong police force would carry on as usual until independence, he said.

"Only the less than 400 seconded policemen will return to SA. Most policemen are optimistic about resolution 435 and there is no talk about leaving," he said.

AWB members 'pressed' to oust leader

BDay 12/1/89

PETER DELMAR

AWB rebels and their supporters had brought "undue influence" to bear on some of the movement's Hoofraad members to get them to back their call for the removal of leader Eugene Terre'Blanche, a spokesman for Terre'Blanche said yesterday.

Terre'Blanche's legal adviser C P Beyers did not elaborate but said some members might be called on to give details at a January 21 Hoofraad meeting.

The 300 elected members will settle the dispute between Terre'Blanche and four of his top leaders who were suspended after insisting Terre'Blanche quit.

One of the four, deputy AWB leader Jan Groenewald, declined to comment yesterday, but said the dissidents would probably decide at the weekend whether to attend the meeting.

Beyers said the suspended members received assurances on Tuesday they would be allowed to put their cases to the Hoofraad.

Monthly losses leave

10 MINUTE X-

R7m expansion plan for Sandton hotel

VAL PIENAAR

A R7m expansion project has been lined up for the Sandton Holiday Inn as visiting executives in growing numbers choose to overnight in Sandton rather than in Johannesburg's CBD. B/Day 13/1/89

This trend follows the steady northwards shift of a large number of corporate headquarters, and is reinforced by the declining state of security in the CBD. It is reflected by occupancy rates averaging more than 75% last year. (288)

Sandton Holiday Inn is the second hotel in the area to announce plans for upgrading this week, and follows the news of a R60m facelift for the Balalaika hotel and adjoining shopping centre.

It involves increasing the number of bedrooms by 60 to a total of 310.

288 WMAIL 13-19/1/89.

Tourism is chirpy but retail's glum about '89

By KIM CLOETE

SOUTH Africa's travel industry is relying on more affluent black consumers and foreign tourists for its growth this year. And the executive director of the Federated Hotel, Liquor and Catering Association of South Africa (Fedhasa), Fred Thermann, says 1988 has set holiday trends in the black community which could be developed this year.

The number of black people travelling on buses, trains, taxis and in their own vehicles to tourist spots and hotels has increased significantly over the past year. "The spending power of the ever-increasing number of black travellers is enormous," says Thermann, adding that the healthy growth in the tourism market over the past year is another reason for optimism.

More foreign tourists have helped too, with South Africa becoming cheaper as a tourist destination as the value of the rand has fallen. "Travellers can live in luxury at a mediocre price," says Thermann. He adds that foreign tourists are beginning to venture into South Africa's small towns and country areas, injecting money into their economies.

But Thermann's optimism is not shared by retail traders in other sectors, most of whom expect a slow year.

Checkers' Sergio Martinengo believes consumers will be loathe to spend large amounts of money on luxury items. Sales of imported foods such as salamis and cheeses will be affected by the last year's increase in import surcharges.

Martinengo predicts a slight increase in grocery sales over the first quarter of this year, with the boom over the Christmas period coming to an end. The year would be difficult, he said, and spending on durables and semi-durables, furniture and property would suffer as economic growth declined.

For the furniture industry, this year will be one of consolidation, with no major growth, according to the executive director of the Federation of Furniture Manufacturers of South Africa, Dr Winston Smith.

Increased import surcharges would cause sales of appliances to level off, he said, as many consumers had bought appliances last year in anticipation of increased prices.

Furniture and appliance sales surged last year, although the sales boom began to level off in September. Sales had outstripped population growth and had partly made up for the lag of previous years. "Last year was a year to catch up," he said. "This will be a year to mark time."

The director of the National Automobile Manufacturers of SA, Nico Vermeulen, says the slower growth expected in the economy will obviously affect demand for and sales of motor vehicles.

But he expects only a modest decline in sales of passenger cars and light commercial vehicles.

Because of the demand for cars over the past few months — which is still in excess of current supply — Vermeulen envisages that the new vehicle market will be reasonably buoyant until April or May.

He also does not see much of a change in sales of heavy vehicles. "The buying of trucks and buses is seen as investment spending and tends to continue after consumer spending has peaked," he said.

Cape Town 'is far more interesting than Durban'

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MARC HASENFUSS

CAPE Town was far more interesting than Durban from a tourist point of view, said Captour MD John Robert, responding to a Durban Publicity Association statement in Business Day yesterday punting Durban as a holiday destination.

Robert said there was no doubt Cape Town and its environment presented a wide range of things to do, making it the place to live in and visit.

He said all indications were that there was vast capital investment in Cape Town with the redevelopment of the old harbour area bringing overseas investment of almost R100m.

The commercialisation of the old harbour area, on par with the most beautiful harbours in the world, would prove to be a major tourist attraction.

The rate of development in tourism in Cape Town was developing faster than anywhere in SA, including Durban. Robert said: "Now the SA public has discovered the western Cape we are confident the momentum will continue."

Port Elizabeth publicity director Peter Myles said the "friendly city" was not trying to compete with Durban.

He said: "Port Elizabeth supports an attitude of inter and intra regional co-operation to develop tourism in SA. Port Elizabeth does not support the hard sell approach of knocking the competition but appreciates the tourist attractions and positioning of different cities in SA."

Myles said Port Elizabeth tried to offer the best value, rand for rand, of any SA holiday resort.

Port Elizabeth was showing growth well beyond expectations, with nearly a billion rand circulating in development, work-in-progress and future projects.

"Port Elizabeth is hard to beat as a city to live in, invest in and visit."

IN BRIEF

'Borderline case for death penalty'

Group 'put gambling rights in Transkei at stake'

Own Correspondent

JOHANNESBURG. — Sun International had further prejudiced its gambling rights in Transkei by withholding for so long the information that R2m had been paid to former Transkei prime minister Chief George Matanzima, Transkei's ruling military council head, Chief Bantu Holomisa, said yesterday.

The fact that SI chairman Sol Kerzner authorised a R2m payment to Chief Matanzima to secure SI's gambling rights in Transkei was raised at the Alexander commission early last year but it was only admitted in documents before the Harms Commission in Pretoria yesterday.

Chief Holomisa said a special committee, set up to look into Alexander Commission recommendations, was still looking into the question of exclusive gambling rights in Transkei and Mr Kerzner's admission would make its work easier.

However, had the admission been made much sooner, it could have saved the Transkei government large amounts in legal fees and would have hastened the process of dealing with the gambling rights issue.

The question of exclusive gambling rights was not provided for in Transkei law and the present government upheld that law, he said.

He said the military council members would also be pleased to hear the "truth has finally been told" as the question of 13 alleged "bribes" concerning gambling was one reasons the council had staged the coup.

Last year Bloomberg told the Alexander Commission the R2m was paid to Mr G J Gouws on Mr Kerzner's instructions.

Mr Kerzner had earlier testified the R2m was part of the payment for the acquisition by SI subsidiary Transun of an additional 55% shareholding in Transgames, the company which was held to have exclusive gambling rights in Transkei.

Referring to SI's statement the payment to Chief Matanzima was not illegal under SA law, Chief Holomisa challenged the SA government to look at amending a law he said could allow South Africans to encourage corruption in neighbouring states.

He added that SA was responsible for taking action on the matter as documents before the Alexander Commission showed the transaction, through an Eastern Cape hotelier, took place in SA and not Transkei.

While he did not want to pre-empt the Harms Commission's recommendations, he said: "If the South African law is silent, their authorities must look into amending it so we can live harmoniously as neighbours," he said.

If the SA government did not take action, it would be seen to be assisting in corruption, he said. South Africans had "purposefully and deliberately corrupted some of our leaders in the past," he added.

R2m PAYOFF

Cape Times 18/1/89

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Bloomberg, Kerzner admit casino bribe

Own Correspondent

JOHANNESBURG. — Chairman of Sun International and casino tycoon Mr Sol Kerzner yesterday admitted that he and his business associate, former Cape Town mayor Mr David Bloomberg, knowingly made a R2-million bribe to former Transkei prime minister Chief George Matanzima.

But Mr Kerzner denied that the payoff, to safeguard his casino rights, was illegal — and, in a memorandum to the Harms Commission, the boards of three companies in which he holds executive positions yesterday gave him their full support.

Mr Kerzner, managing director of Sun International, which operates hotels and casinos in Swaziland, Lesotho and Mauritius, was earlier named along with Mr Bloomberg in two inquiries into corruption in Transkei.

Chief George, who was toppled in a coup in September 1987, faces charges of siphoning millions of rand from the impoverished homeland.

In a statement submitted with affidavits by Mr Kerzner and Mr Bloomberg, Chief George is accused of abusing his "official and autocratic" position to threaten and extort R2 million from Sun International (SI).

In affidavits submitted under seal on November 28 and only opened yesterday, Mr Kerzner and Mr Bloomberg said "undue pressure" from Chief George resulted in the payment being made.

"I accept responsibility for this jointly with Mr Bloomberg," Mr Kerzner's statement said.

The two are not expected to be called to give further testimony before the commission.

The statement noted that at the time of the pay-off (late 1986, early 1987) Transkei was governed by politicians with a strong tribal influence in a traditional system "which rendered it acceptable" to receive gifts and distribute favours among their followers.

"The circumstances under which the payment was exacted by Chief George amounted to at least commercial extortion on the part of the then-corrupt regime in Transkei," the statement said.

In the last quarter of 1986, Chief George let it be known he was considering the granting of casino rights in Umtata to a group headed by Ms Lexi Ceza and supported by South African financiers, the statement said.

The granting of such rights would have been in breach of the rights held by Wild Coast Sun (WCS) and Transgames and would have led to the fragmentation of the market to the detriment of both Transkei and WCS.

"In the circumstances — and in the face of a threat that the government would not respects its rights — WCS was forced as a defensive measure to protect its investment to put forward a competing application for casino rights in Umtata," the statement said.

"In truth, if anyone were to obtain casino rights in Umtata, WCS was the only party lawfully entitled thereto. The award of the rights to WCS would also have been the only commercially sound decision in the interests of both Transkei and WCS."

On Page 6

- Sun International boards backs Kerzner
- Group 'put gambling rights in Transkei at stake'

Chief George, requiring money to buy a farm for himself, abused his official and autocratic position by threatening to override the legitimate rights and interests of WCS.

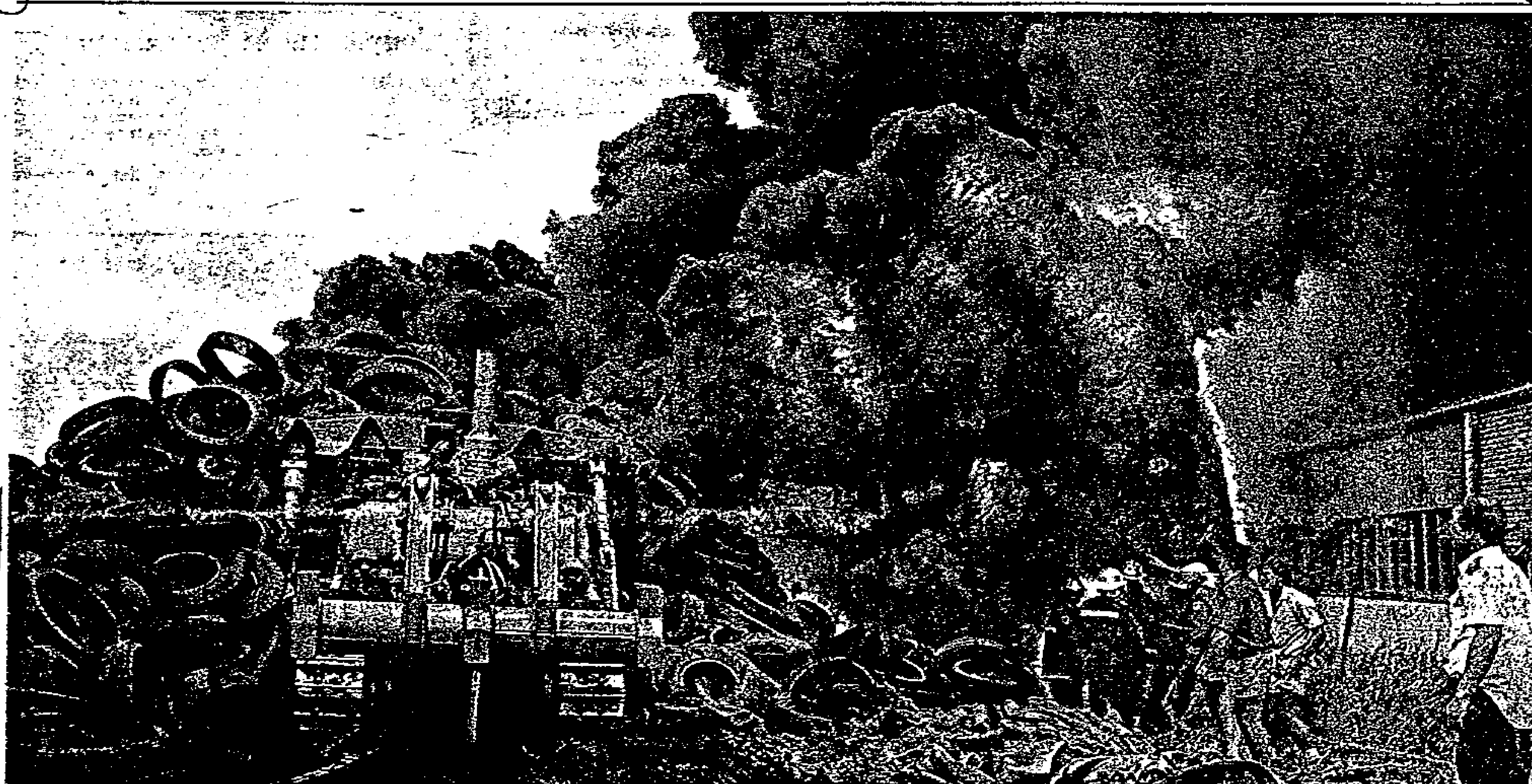
He thereby managed to extort — if not legally then certainly commercially — undue payment to himself, the statement said.

In these circumstances, the payment may properly be regarded as having been made, not for obtaining benefits improperly, but rather — because of undue pressure — to protect rights which both WCS and Transgames already held.

The payment was also to ensure that sound commercial policy was not overridden by the private ambitions of Chief George, the statement said.

Late yesterday, in an implied threat to SI, Transkei's ruling military council head, Chief Bantu Holomisa, said the company had further prejudiced its gambling rights in Transkei by not admitting the R2-million bribe earlier.

He said the military council members would also be pleased to hear the "truth has finally been told", as the question of 13 alleged "bribes" concerning gambling was one of the reasons the council had staged the coup.



FIRE HERO . . . The hero of yesterday's devastating Blackheath fire was bulldozer driver Mr Piet Rossouw who risked his life to move hundreds of flaming tyres away from adjoining buildings, in an attempt to save the properties from being engulfed by the blazing fireball. The fire ripped through a tyre storage depot, badly damaged a neighbouring machinery workshop and threw up a giant pall of black smoke over the Cape Flats. ● Hero 'should get a medal' — Page 5

Picture: RICHARD BELL

Bloomberg

I, the undersigned, Rupert David Bloomberg do hereby make oath and say that:

Towards the end of 1986, Wild Coast Sun (Pty) Ltd applied to the Transkei government for rights to build an hotel/casino complex in Umtata.

At the same time the holders of the 55% shareholding in Transgames (Pty) Ltd sold their shares to Wild Coast Sun (Pty) Ltd, the transaction being conditional upon the rights for the Umtata project being granted.

Under undue pressure from the then Prime Minister George Matanzima, R2 m of the funds available from this transaction were, to my knowledge and to the knowledge of Mr S Kerzner, paid into the account of Mr G J Gouws for the ultimate benefit of Prime Minister G Matanzima.

I accept responsibility for this jointly with Mr Kerzner.

Kerzner

I, the undersigned, Solomon Kerzner do hereby make oath and say that:

Towards the end of 1986, Wild Coast Sun (Pty) Ltd applied to the Transkei government for rights to build an hotel/casino complex in Umtata.

At the same time the holders of the 55% shareholding in Transgames (Pty) Ltd sold their shares to Wild Coast Sun (Pty) Ltd, the transaction being conditional upon the rights for the Umtata project being granted.

Under undue pressure from the then Prime Minister George Matanzima, R2m of the funds available from this transaction were, to my knowledge and to the knowledge of Mr D Bloomberg, paid into the account of Mr G J Gouws for the ultimate benefit of Prime Minister G Matanzima.

I accept responsibility for this jointly with Mr Bloomberg.

Mao's grandson the top fatty

PEKING. — The late Mao Tse-tung's only grandson admits to being the fattest student at a prominent Chinese university and says he looks forward to following his grandfather into politics.

Mr Mao Xin-yu, 19, who bears a striking resemblance to his grandfather, the man who founded Communist China, weighs a hefty 106kg. — UPI

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Sun International ads proved to be wrong

MANDY JEAN WOODS

"REPORTS suggesting that Sun International (SI) had been a party to improper payments ... are without foundation. The conduct of Sun International and Transun in regard to the transaction is beyond criticism," SI said in full-page advertisements in national newspapers almost a year ago.

The "transaction" was the payment of R2m to former Transkeian Prime Minister George Matanzima, allegedly by SI board member Sol Kerzner or Cape Town attorney and Kerzner's business associate David Bloomberg.

The reason for publishing the advertisement was a January 12 report in Business Day headed, Hotel group 'paid R2m', which detailed evidence heard the previous day before the Alexander Commission.

The report said SI transferred R2m to the trust account of Bloomberg in late 1986 and early 1987. Bloomberg then transferred the money to eastern Cape hotelier J G Gouws.

Gouws said he had received verbal instructions from Matanzima to divide the money into nine cheques made payable to Transkei Development Corporation (TDC) MD Monty Ntloko, former Prime Minister Stella Sigcau, Matanzima, K D Matanzima, a motor dealer (for a Mercedes Benz for Matanzima), Umtata businessman Kenneth Magidigidi and former Foreign Affairs Minister Mtutuzeli Lujabe.

The commission heard Matanzima ultimately recieved R370 000 in several payments, which followed a series of meetings between the officials, SI and the TDC about the building of a hotel and casino in Umtata.

The report prompted strong reaction from SI which demanded that Business Day publish a retraction and an apology. These were published the next day, after consultations between company lawyers.

Shortly after the report was printed, Kerzner, Kersaf deputy MD Ian Heron and SI MD Ken Rosevear appeared on January 21 to testify before the commission, which Alexander noted in his findings "was not necessary at this stage".

Alexander said, however, things changed drastically when, on February 17, Bloomberg arrived to give evidence at the request of the judge.

Bloomberg said then the R2m was paid to Gouws on the instructions of Kerzner.

Kerzner had earlier testified the R2m was part of the payment for the acquisition by SI subsidiary Transun of an additional 55% shareholding in Transgames, the company which was held to have exclusive gambling rights in the Transkei.

The gist of the SI advertisement said that if R2m was transferred by Bloomberg to Gouws, SI and Transun were "totally unaware of this".

The commission report said a dispute between the two parties ensued. In late April, counsel for Bloomberg and Kerzner indicated there was insufficient time to complete the matter by the end of May, when the commission was scheduled to end. They requested a postponement as they said they felt a period of at least 100 days was necessary to "do justice to their case".

The Military Council declined to extend the deadline.

Alexander said: "There was ample time during the remaining days of May for those who may have wished to vindicate their standpoints to come forward ..."

He said he could not resolve the conflict of evidence given by Kerzner and Bloomberg — which raised more questions than it answered — adding: "I believe they are of such fundamental importance to the issue that if justice is to be done, they cannot be left in the air."

He then recommended the SA witnesses be questioned by "whichever Attorney General may be designated to make the necessary investigations".

The Harms Commission was subsequently convened last August.

Sol enjoys backing of big boards

Star 18/1/89

288

Staff Reporter

Sun International, Kersaf Investments, Safmarine and Rennies Holdings have expressed unanimous support for Sun International boss Mr Sol Kerzner following his admission of paying R2 million to secure gambling rights in Transkei.

In a statement issued yesterday by Sun International, the boards of Safmarine and Rennies Holdings Ltd, Kersaf Investments and Sun International Inc said: "Having been informed of all the relevant matters inquired into by the commissions under the chairmanship of Mr G A Alexander, SC, and the Honourable Mr Justice Harms respectively, and the circumstances relating thereto, the boards have unanimously resolved that Mr Sol Kerzner will continue to enjoy their confidence and support."

SI denied improper payments

Star 18/11/87

(288) (1095)

By Dawn Barkhuizen

A year ago Sun International (SI) placed a full-page advertisement in national newspapers rejecting as "without foundation" suggestions it had been party to improper payments.

It said its conduct and that of Transkei Sun International Ltd (Transun) in the gambling rights deal was beyond criticism.

The advertisement stated that a report claiming SI transferred R2 million to lawyer Mr David Bloomberg, that he transferred this to Mr G J Gouws, and that Mr Gouws distributed the money on Chief George Matanzima's orders was misleading.

The advertisement further stated that if Mr Bloomberg dealt with R3 million remitted for business transactions in Transkei — transactions publicly disclosed in Transun's prospectus — SI and Transun were unaware of this.

Mr G A MacMillan, chairman and chief executive of Safren, the holding company of Kersaf, which is the holding company of SI, last night declined to comment.

"I am aware of the advertisement. We made our statement today. We have no further comment," he said.

Sol's news has little impact

Star 19/11/87

Diagonal Street

ANN CROTTY

Investors were unmoved by headline news that Mr Sol Kerzner paid deposed Transkei Prime Minister chief George Matanzima R2 million in return for exclusive gambling rights in Transkei.

On the JSE yesterday the four shares that might have been affected by the news were virtually unchanged at the close of trade. Transun was steady at 240c; Sunbop was up 10c to 840c; Kersaf was steady at R14,50 and Safren was slightly firmer at R24,75. (Safren holds 76 percent of Kersaf. Kersaf has 43 percent of Sun International-Wild Coast; 43 percent of Transun and; 43 percent of Transgames)

It is not that the market is indifferent to the whole affair but rather that this statement was expected and the market has already discounted possible consequences. When suggestions that Transun may have been involved in "improper payments" to the former Transkei head of state were first mooted early in 1988 there was a sharp adverse reaction in the share prices.

So the market, in its usual manner, has discounted bad news well in advance of its occurrence.

In addition, it is still uncertain as to what the final outcome will be and this uncertainty is causing investors to adopt a wait-and-see attitude.

But the feeling in the market is that although Major General Bantu Holomisa seems bound to take some action on the matter he will be unwilling to risk destroying an operation that provides significant financial and employment benefits to Transkei.

At this stage the view is that the Kersaf operations could lose the exclusivity of its gambling rights. Given the considerable barriers to moving in to this business, chief of which is the established dominance of the Kersaf group, it is difficult to see a serious long-term threat to the highly profitable Transkei operations. It is this view that is currently underpinning the share prices.

But the news may knock Kersaf through its international operations. It could add to the difficulties that Mr Kerzner is reported to be having in expanding the group's overseas' operations.

Kersaf management avails itself of section 15a of the Companies Act to avoid making public any information on its international operations. But analysts believe that these are not performing as well as expected and their contribution to group earnings is believed to have dropped to around 40 percent last year from a high of 50 percent.

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Sun King's tentacles reach far and wide

Star 23/11/89

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By MALCOLM FOTHERGILL

Sol Kerzner insists that he's motivated not by money but by the excitement of creating something new.

The multifaceted leisure-industry empire that Sol Kerzner has built spans large areas of the South African economy and has a foot in the door of the European entertainment scene, too.

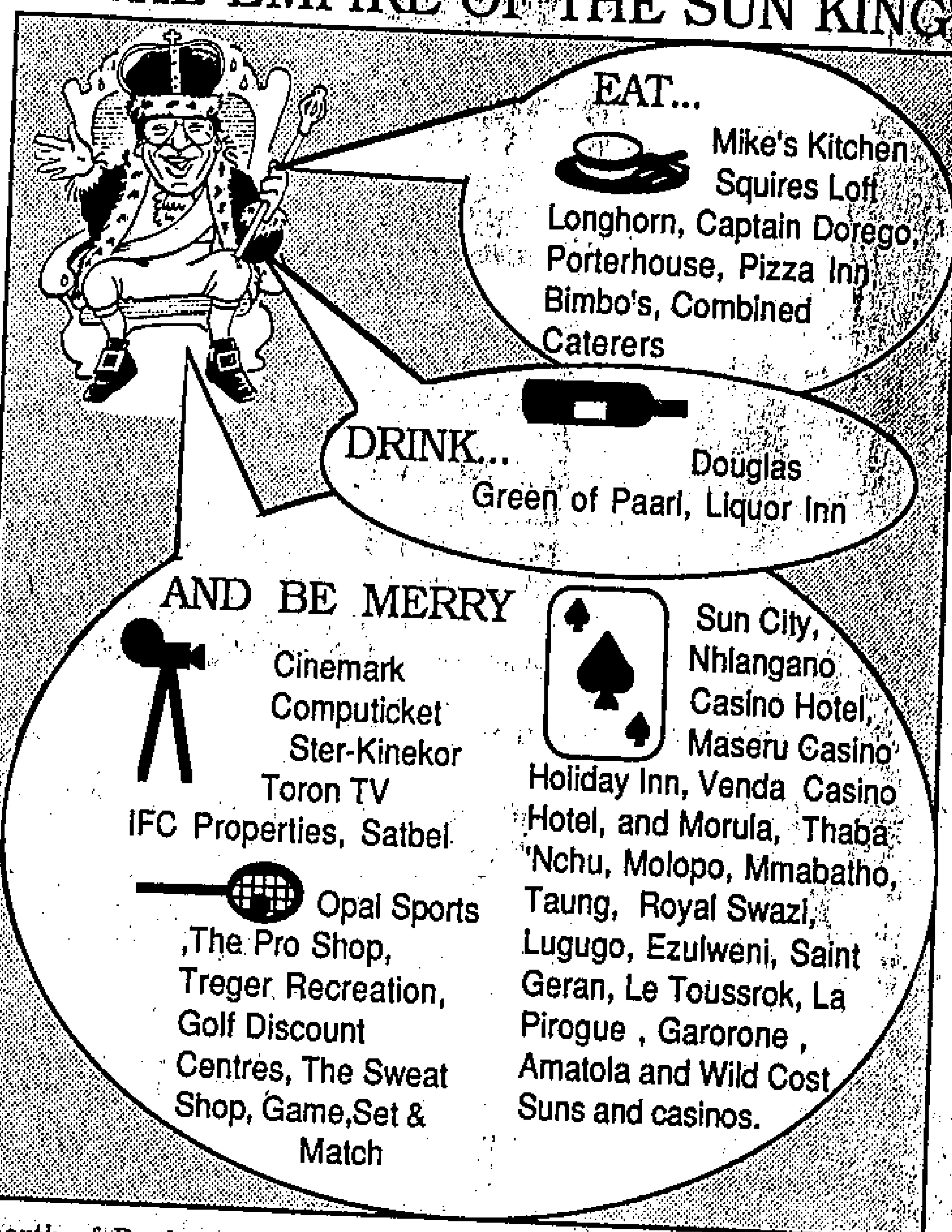
Through his Johannesburg Stock Exchange-listed company Kersaf — of which he is deputy chairman — Mr Kerzner has a stake in southern African casino resorts, hotels, cinemas, film- and video-production and distribution companies, steakhouses, fast-food outlets, and liquor wholesalers and retailers.

His overseas interests centre on Royale Resorts, a Bermuda-based outfit set up in June 1986 in a R416 million deal between Kersaf subsidiary Sun International and British & Commonwealth Shipping.

As a result of that deal, which pushed the net asset value of Kersaf shares from 335c to 540c at the stroke of a pen, Mr Kerzner gained a stake in hotels in Spain and the Canary Islands, two banks and a British domestic airline, as well as the Mount Nelson Hotel in Cape Town.

Exactly how big a stake Mr Kerzner holds in each of the companies whose destinies he controls, or at least strongly influences, would be difficult or even impossible for an outsider to establish.

IN THE EMPIRE OF THE SUN KING



Humble beginnings

It would also be a pointless exercise. Mr Kerzner himself insists that what motivates him is not money but the excitement of creating something new.

"I am motivated in the first instance by what I am doing," he has said.

"The money side of it never really came into it. It was natural I would succeed if I had a big piece of the action, but it was never an objective, never a turn-on, and I never really think about it."

Sol Kerzner's beginnings were humble. As a boy growing up in Bezuidenhout Valley, Johannesburg, his idea of a good time was to ride his bicycle to Yeoville and his ambition was to be a motor mechanic.

His father, who ran a cafe and then a grocery store in Bez Valley and who later moved to Natal to run a hotel, talked him into studying accountancy — to Mr Kerzner's lasting gratitude.

Sol Kerzner's rise from the obscurity of helping out in hotel pubs and kitchens to running his own hotel in Durban to launching a chain of hotels was meteoric.

From the earliest days of his career, Mr Kerzner showed an ability to take an unlikely-sounding idea and turn it into a money-spinner.

Thus, in 1974 he built the Beverly Hills Hotel at Umhlanga north of Durban, an area most hoteliers would have considered far too remote from town to produce any worthwhile returns.

Similarly, in 1979 he transformed a remote bush area of Bophuthatswana into Sun City, which immediately became the major entertainment centre of the sub-continent.

Both the Beverly Hills and Sun City were built when Mr Kerzner was associated with South African Breweries (SAB).

This link was forged in 1966 when he needed money to build the Elangeni Hotel in Durban and pursue the dream that turned into the Southern Sun hotel chain.

At first, the question of who controlled what did not bother him. But in 1983, after corporate ructions at SAB, he broke away, severing his ties with Southern Sun and taking with him SAB's southern African resorts and casino interests.

Thereafter he took over the Holiday Inn operations in South Africa's neighbouring states.

All of these interests he put into a new company, formed with help from Safmarine/Rennies and called Sun International.

Sun International in turn became part of Kersaf, which was established in July 1984 and was listed on the JSE the following month.

Kersaf's growth since then has been explosive, not only in the casino-resort field generally associated with Mr Kerzner's name but also in films, food and other leisure-related areas.

Highlights have included the listings on the JSE of Sun International's Bophuthatswana and Transkei operations; the opening of the Riviera Hotel, Sun International's first and for the time being only hotel in South Africa itself; and the formation of Royale Resorts.

Royale now takes up most of Mr Kerzner's time, which has made it necessary for him to step down as managing director of Kersaf.

However, he remains closely involved with the South African company — to the delight of shareholders, whom he has yet to disappoint.

Although not all of Mr Kerzner's plans have worked out — one that bit the dust was to develop a 20 ha piece of ground at Sandy Bay, the Cape nudist beach — the companies he runs have consistently made money for his backers.

For example, while the rest of the South African economy was battling recession in 1986, Kersaf almost trebled its earnings.

The latest Kersaf annual report shows turnover up 52 percent, to R948 million, and operating profit up 72 percent to R261 million.

To investors, that kind of record counts for far more than Sol Kerzner's reputation as a playboy or his sometimes abrasive manner ... or even the way he has done business with some politicians.

Need for upgrading to attract tourists

BDay 27/1/89 CHARLOTTE MATHEWS

MORE foreign tourists would visit SA if transport and accommodation were upgraded, Johannesburg travel agents said this week.

They were responding to a suggestion by a financial executive in a Business Day article that government investment of R10bn in tourism instead of the present R1,5bn, and the introduction of charter flights, were needed to fully exploit the market.

Most travel agents said Satour was doing a good job promoting SA overseas, but all had suggestions for improvements.

TFC Tours CE Little-John Foggitt stressed the need for charter flights to SA.

"If you look at other countries with a flourishing tourist industry like Spain, Portugal and Kenya, the introduction of charter flights has not diminished travel on scheduled flights but only encouraged a lot more people to travel who could not otherwise afford it," he said.

Tourist influx now straining facilities

GERALD REILLY

PRETORIA — Tourism Board chairman Danie Hough warned yesterday a surge in overseas visitors was putting the sector under stress.

He added that the number of visitors was up by 14% last year compared with 1987. Contributing to the bumper year was a lively flow of domestic holidaymakers.

Hough said conference facilities had been almost fully booked all year and hunting operators had excelled in the international market with most trips sold out for the season.

Coast towns happy with boom year

(288)

CAPE TIMES 28/1/89

TOURISM authorities have long been working to extend the Cape holiday season. Their aggressive marketing strategies seem to be working, particularly along the Garden Route, where CATHY HOOPER reports from Oudtshoorn on a business boom in the region — and a longer-than-usual summer holiday season.

AN EXTENDED December/January holiday season has brought a business boom to southern Cape interor towns and the Garden Route: Knysna, for instance, reports seasonal turnover up 40% to 50%.

The return of foreign tourists and more internal tourism were given as the main reasons for the boom with a survey showing that all towns under the Garden Route/Southern Cape "banner" had a bumper season.

Publicity bureaus at Knysna, George, Mossel Bay and Oudtshoorn all say that after a two-week lull when schools re-opened tourism figures increased, contrary to seasonal patterns.

The survey showed that, as in 1988 when no town experienced really quiet times, 1989 could produce a similar trend and there was general optimism over prospects for Easter and the rest of this year.

Statistics show the Garden Route and southern Cape have, because of aggressive marketing, become very popular with foreigners and figures kept by Brenda Olivier, Oudtshoorn's publicity officer, show 14% more visitors in town from mid-November to mid-January compared with the previous year.

'Very busy'

The Cango caves had 52 368 visitors in December, 1 232 more than the same month in 1987.

Innovative marketing by Oudtshoorn meant a bumper season and of particular note was the harmony between tourists of all races and the lack of discrimination in amenities.

Delene de Lange, PR officer for the Plettenberg Bay Publicity Association, said the town had a short but "very busy" season and was anticipating a busy Easter, with accommodation already fully booked at most hotels and tourist resorts.

De Lange said Plett's normal population of 3 500 rose to between 40 000 and 45 000. Although some businesses, mainly tourist-orientated concerns, had done well, others had not experienced the anticipated seasonal increase.

'Organised'

Joan Whitehead, secretary of the Knysna Publicity Association, said the number of visitors (80 000 to 90 000, normal population 30 000) was about 30% up on the 1987/8 season.

UK executives in big demand

LONDON. — Demand in Britain for executives and managers is running at record levels despite worries about a slowdown in the economy, according to a report from MSL, the recruitment wing of Saatchi and Saatchi, an advertising group.

MSL said: "Executive recruitment in most functions is proceeding at a hectic pace and the signs are that records will again be broken during the first quarter of 1989."

But there are indications of a fall-off in one key area with demand for sales and marketing executives down by 33% in the last three months last year compared with the same period in 1987. — Own Correspondent

Cape Times 3/1/89 (288)

Tourism earns SA R3bn

Municipal Reporter

DOMESTIC tourism in South Africa generated an annual income of R2 000 million and overseas tourism another R1 000 million, Mr Spencer Thomas, executive director of Satour, said yesterday.

Speaking at a forum in the Civic Centre on the need for greater local government involvement in tourism, Mr Thomas said it had been estimated that tourism provided "direct and indirect employment to 250 000 people" in SA.

And yet, he added, "we have only scratched the surface of the potential of domestic tourism".

One of the least expensive and most effective ways of providing employment, particularly to semi-skilled and unskilled people, was tourism, he said.

Where meaningful investments were made in the tourist market, meaningful results were achieved.

A debate followed on whether local authorities should place a surcharge on rates to pay for the promotion of tourism.

One of the 150 delegates, Mr Bill Husband, proposed that there should be such a surcharge. Mr Thomas said he believed Durban had already added a certain percentage to its rates, and made its publicity association the best-financed in the country.

Mr Richard Friedlander said that instead of a surcharge on rates, a room tax should be imposed as a portion of hotel bills.

Mr Arnold Brock of the Federated Hotel Association of SA responded that it was unwise to impose a tax on "the very people you are trying to get to your town". He suggested that the surcharge idea should be raised at the United Municipal Executive, so that all cities could adopt it at once.

Mr R V Sylvester, a Fish Hoek town councillor, said tourism should be promoted by some body other than the local authority as it was not a popular task. "Our roads are impossible in peak hours, and if we market our town it will be even worse," he observed.

Ms Nikki Holderness of Simon's Town took a more positive attitude to the promotion of tourism, and suggested that all local authorities should provide decent toilets and similar facilities.

New Cape hotel

Cape Town will have another five-star hotel this November. (288)

The R12 million The Bay hotel project, which incorporates the old Rotunda at Camps Bay — a landmark from early in the century — is being undertaken by the Arniston Hotel group. Star 31/1/89

The hotel will be leased from a consortium comprising Arniston Hotel and five leading Cape Town businessmen and financed by Allied Bank.

Designed by Klein & Louw, the hotel is being built by LTA Construction. It will be a low-rise structure in the style of the adjoining Promenade Shopping Centre.

Satour stresses tourist potential

B/Day 31/1/89

Own Correspondent 288

CAPE TOWN — Satour executive director Spencer Thomas said yesterday domestic tourism generated R2bn and overseas visitors R1bn annually.

He told a forum it was estimated tourism provided direct and indirect employment for 250 000 people.

Thomas added: "We have only scratched the surface of the potential of domestic tourism."

One of the least expensive and most effective ways of providing employment, particularly to semi-skilled and unskilled people, was tourism.

Delegate Bill Husband proposed a surcharge on rates by local authorities to pay for promoting tourism.

Richard Friedlander proposed, instead a room tax on hotel bills.

Fehasa's Arnold Brock said it would be unwise to impose a tax on "the people you are trying to get to your town".

Fish Hoek councillor R V Sylvester said tourism should be promoted by some body other than local authorities.

Simon's Town delegate Nikki Holderness suggested local authorities should provide good toilets and facilities for mothers with babies.

COMPANIES

Silver screen turns to gold for Interleisure

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B/Day 1/2/89

BRUCE ANDERSON

INTERLEISURE executives are beginning to believe in the magic of the movies as the giant entertainment group's cinema and film production divisions reap the benefits of buoyant markets.

Interleisure, a Kersaf subsidiary listed on the JSE in August 1987, is the market leader in the leisure and entertainment industry.

Interleisure's main cash generator is the Ster Kinekor cinema chain with a total attendance of about 16-million cinemagoers a year.

The cinema division contributed 39% of Interleisure's operating profit last year and MD Anthony Salusbury says he has yet to see any limit to the local cinema market.

He says when the group opened an upmarket six-cinema complex in Rosebank last year it expected the complex to take some of the patrons away from a similar complex in Sandton City.

Instead, the figures for Sandton did not drop at all. To top it all, whenever a new cinema has been added to the Sandton complex, the overall occupancy of the complex has risen. As a result, two new cinemas are to be added to the existing seven in the Sandton complex before the end of April.

Interleisure's fastest growing division, says Salusbury, is film production through the group's 70% stake in Toron International.

Although film production makes the lowest divisional contribution (8%) to the group's operating profit, Toron has grown substantially as it rides a boom in film production.

INTERLEISURE

Financial director Mike Egan points out that more films were made in SA in the last quarter of 1988 than in the whole of any previous year.

In the same quarter, more films were processed in SA than during the whole of 1988 in the UK.

The Interleisure group also operates about 180 outlets in the restaurant and fast food market. The outlets range from fast food chains such as Bimbo's and Captain Dorego to upmarket restaurant chains such as Squires, Mike's Kitchen and Longhorn.

One of the areas in which Interleisure is known to be interested is the fried chicken market, which, says Salusbury, is "a glaring absence in our range of fast food outlets".

Interleisure does not have any firm plans at the moment, however, to either buy a fried chicken chain or start its own, says Salusbury.

One of the problems facing Interleisure's food division is the rise in red meat prices, says food division chief executive Hans Hawinkels.

The cost of fillet has more than doubled in the past five years, from just less than R9/kg in 1985 to R19/kg this year.

Hawinkels says the rise in red meat prices has forced Interleisure to lift the prices in its restaurant outlets.

After spending last year on the acquisition trail, Salusbury says Interleisure is still in a period of consolidation.

"Our borrowings are higher than we would like to see them, but that is a function of our recent acquisitions. But we are not strapped in any sense — if the right opportunity presents itself we will take it," says Salusbury.

Smoking by-law is on the cards

Cape Times 1/2/89

Municipal Reporter

THE City Council has proposed legislation requiring restaurants to set aside 50% of their tables for non-smokers.

Some of this information emerged at yesterday's monthly City Council meeting, when Mr Arthur Wienburg asked what had happened to resolutions taken on the subject by the council months ago.

Mr Louis Kreiner, chairman of the amenities and health committee, replied that the city's legal adviser last month completed a draft of the required legislation.

The content of this draft by-law has not yet been disclosed, but is expected to take effect next month.

The draft legislation will come up for discussion at the amenities and health committee meeting on Monday next week, and if approved it will come before the full City Council at the end of next month, possibly in amended form.

Reaction from restaurants last night was cautiously supportive. The manager of Blues in Camps Bay, Mr Stephen Birt, said his establishment would be happy to do whatever the public wanted.

Ms Michelle Fawthrop of Truffles restaurant in Heathfield, one of the top 10 in the Peninsula, said she thought the 50-50 demarcation was "great".

Cape Times 2/2/89

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Bumper season for hotels

JOHANNESBURG. — Early indications are that the hotel industry had a bumper holiday season although the official figures are not yet available, the Federated Hotel Liquor and Catering Association (Fedhasa) said in a statement yesterday.

"Our members have, for the most part, reported excellent results," Fred Thermann, Fedhasa's executive director said.

The highest increases were in the two star category (14,1% up on the previous year), while five star hotels showed a 5,1% increase.

The average room occupancy for the country as a whole was 55,51%, with one star hotels running at 46,9%, two stars at 60,4%, three stars at 62,5%, four stars at 61,48% and five star hotels at a creditable 60,67%. — Sapa

SA's fast food industry burgeoning

Cape Times 2/2/89

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Own Correspondent

JOHANNESBURG. — The SA fast food industry is expected to grow by 12% this year to provide an estimated 830 million meals, according to a Business and Marketing Intelligence survey.

The industry served an estimated 740 million meals in 1988, a 14% increase on the 650 million meals provided in 1987, while total food expenditure last year amounted to R540m, the survey showed.

Interfare Holdings executive director Eric Parker research figures were never 100% accurate because it was impossible to cover all fast food outlets nationwide and some owners were reluctant to give information to researchers.

Parker said the market base was broadening as the economically active market graduated to fast foods and the black market acquired a more expendable income.

Devco Franchise specialist marketing director Howard Allenberg said 1988 was a particularly good year for Kentucky Fried Chicken, recording a turnover of well over R200m.

He said 1989 fast food market would need ongoing innovation as the consumer was becoming far more convenient orientated, increasing the demand for "drive through outlets" where food is prepared in about 80 seconds.

Transvaal regional director of Spur Franchise Chris Dunn said Spur experienced a boom in 1988 showing a R90m turnover, a 48% increase on turnover in 1987.

He predicted a marginal real growth of 5 to 6% in the fast food industry in 1989 because increased surcharges on imported equipment and price hikes from local manufacturers would retard significant growth in the industry this year.

Chicken Licken marketing director George Michael also expected only a slight increase in 1989.

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Cape Times, Monday, February 6, 1989 5

Bus lines in bid for more facilities

By MEG BRITS

AS Cape Town increases its slice of the tourism cake, private inter-city bus operators are pushing for proper loading and parking facilities.

These will become available should the town planning committee's scheme for a "tourism centre" in the city get off the ground but the operators are keen to have an immediate interim solution.

The mayor's ad-hoc committee for tourism is concerned that the present facilities are not only inadequate but among the worst in the country.

Inter-city coaches pick up and put down passengers in front of the city's main station but bus operators complain that there is no space to park extra buses legally and no shelter for passengers.

Another problem arises because several bus lines operate from the same point and passengers are easily confused. The operators are not allowed by SATS to erect information booths or to have people carrying destination placards in the area.

Bad impression

A subsidiary problem is that there are few holding bays outside the city's major hotels and that operators are often fined for parking illegally.

At an informal meeting on Friday, mayor Mr Peter Muller told representatives of the coach line operators that his committee was seeking an immediate solution to the problem. He said the tourist's first impression of Cape Town was hardly likely to be favourable in the present circumstances.

Mr Johan Ferreira, owner of the Interkaap busline, explained that his company alone was handling around 660 passengers a day including those travelling to and from the airport.

It was suggested that the mayor's committee approach SATS to come to some arrangement about allowing the private operators to use the SATS bus terminus at the station and perhaps the soon-to-be-vacated SAA offices.

However, the operators have agreed to meet again to draw up a comprehensive schedule of their arrivals and departures so that an approach to SATS can be made by the committee.

R2-m bribe leads to resignation

Kerzner quits top posts in casino empire

Star 9/2/89

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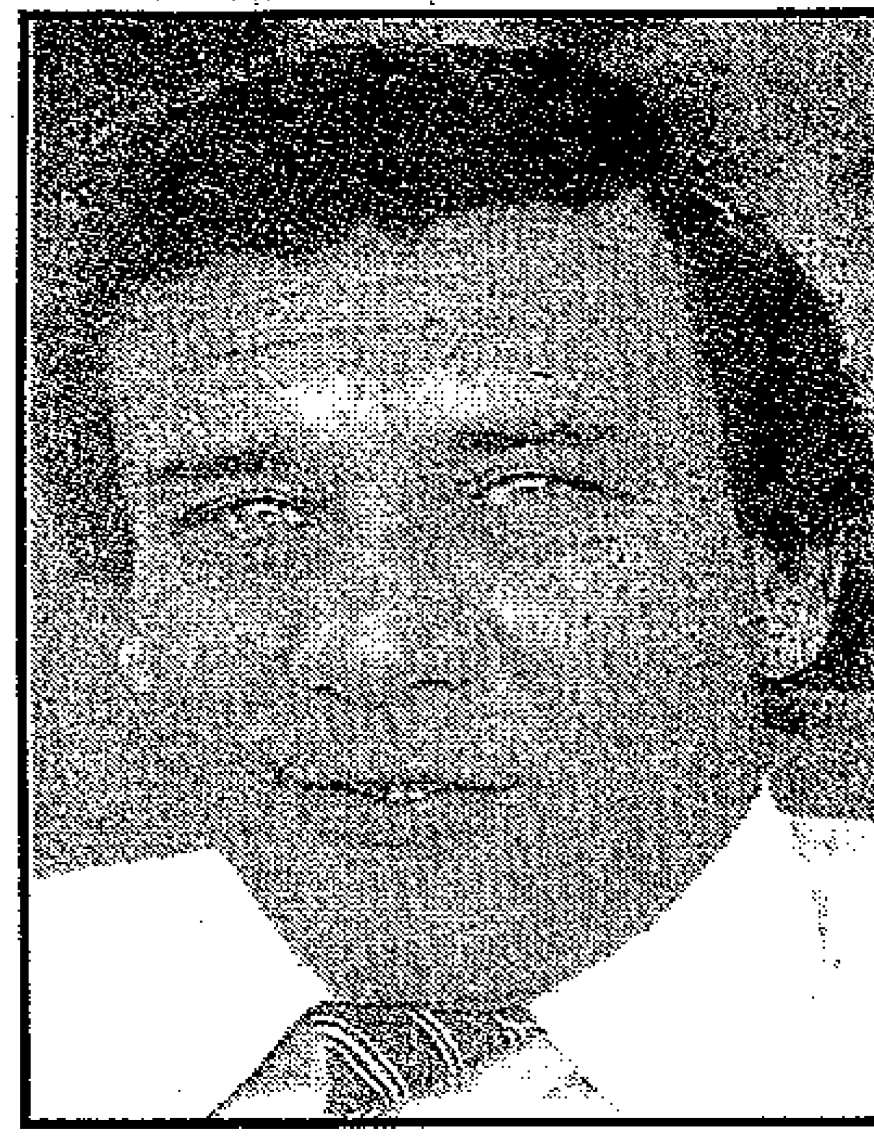

Mr Sol Kerzner . . . supervising affairs in London.

By Dan Side

Mr Sol Kerzner has resigned from directorships within the casino resort empire under the Safren banner — including the Bermuda-registered Royale Resorts International (RRI) and all other boards.

Kersaf managing director Mr Ian Heron said today that, as he understood it, Mr Kerzner's announced resignations from the boards of Safren, Kersaf, Sunbop and Interleisure also included RRI.

"As far as I know," said Mr Heron, "Mr Kerzner has resigned basically from all boards. It was a decision mapped out by the Safren board."

RRI, a R416 million partnership between Kersaf subsidiary Sun Hotels International (SHI) and British and Commonwealth Shipping (B & C), was the jewel in the crown of Mr Kerzner's overseas casino empire.

Mr Kerzner, the RRI chief executive, had sold his resorts interests in Mauritius to B & C, which contributed R235 million in cash and convertible loans to the venture.

'Claim unfounded'

RRI's South African connection to Kersaf, which rose in net asset value from R3,35 to R5,40 in one swoop, was conveniently obscured and B & C also had an interest in Cape Town's Mount Nelson Hotel, other hotels in Spain and the Canary Islands and controlled two banks and a British domestic airline.

Mr Kerzner termed as "ridiculous" claims that Sun International's Bophuthatswana and Transkei interests would be diluted in favour of the off-shore project, but recently spent much of his time supervising RRI's affairs in London.

Top of his agenda were casino interests in France.

Dutch-born Mr Heron said today Mr Kerzner would be missed because he was "a very, very talented man". "But we do have a strong management team and will carry on the good work.

"We have a number of exciting projects in the pipeline and will be very busy over the next couple of years."

Mr Kerzner, whose resignation came in the aftermath of an admission to the Harms Commission that he was responsible for a R2 million bribe to Chief George Matanzima in exchange for gambling rights in the Transkei, ironically played a diminishing role as his empire burgeoned.

Although his shareholdings are vast and his personal wealth enormous, gone is the awesome corporate power that had its source in the comparatively puny first expansions from the Kerzners' family hotel in Durban.

Mr Heron is now expected to assume even greater responsibility in the group.

When he left Kearsney College in Natal with a first-class matric in 1962, Mr Heron had set his heart on becoming a professional cricketer, but at the insistence of his father he moved towards a career as a chartered accountant.

He qualified in 1968, after attending the University of Natal.

Several years later, when he was on the verge of relocating to the United States, a call from Kersaf tempted him to follow a new career path.

In announcing Mr Kerzner's resignation last night, a statement from the Safren board said: "The boards have accepted his resignation realising he has come to this decision in what he regards as the best interests of the companies concerned.

"For their part, the board's decision of support was based on the signficant contribution that Mr Kerzner made, not only to the companies concerned but to the economies of southern Africa as a whole and was in no way a condonation of the unfortunate events which emerged at the Harms Commission of which they were previously unaware."

Investors may lose confidence

Investors may lose confidence in Sun International, Kersaf and Safren following the resignation of hotel magnate Mr Sol Kerzner from the companies, stockbrokers said today.

Mr Kerzner quit as chairman of Sun International, deputy chairman of Kersaf and director of Safren.

A stockbroker, who did not wish to be named, said today it was difficult to predict how investors would react to the resignation of Mr Kerzner because the market was in such a strong phase.

"Much will depend on who replaces Kerzner at the helm of Sun International." — Finance Staff.

Residents don't want another restaurant

Star, 9/2/87

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Municipal Reporter

Randburg Town Council's plans to allow a restaurant and conference centre on vacant ground off Jan Smuts Avenue near Old Parktonians Sports Club are expected to receive a thumbs down from residents of Bordeaux and Blairgowrie at a ratepayers' meeting tonight.

Ward 7 ratepayers' association chairman Mrs Claire Read said this was the second attempt to start a restaurant in the area which was already served by nine similar outlets within a kilometre of the site.

A previous application in 1982 for a railway carriage restaurant was called off after vigorous opposition from residents.

NO PARKING

She said although the council was keen to accept the developer's offer of R190 000 for the 3 219 sq m land, all the previous objections still stood.

A major problem which had been identified by the ratepayers' association was lack of parking space for the twin projects, particularly since there there was already insufficient parking for the businesses operating in the area.

Management committee member Mr Andre Jacobs, who was the head of the planning committee, had been invited to attend the meeting to discuss this and other complaints identified by the ratepayers' association, she said.

The meeting takes place at 7.15 tonight at the Old Parks sports club in Garden Road, Bordeaux.

Cape Times 9/2/89

No room in CT hotels

By MONICA GRAAFF

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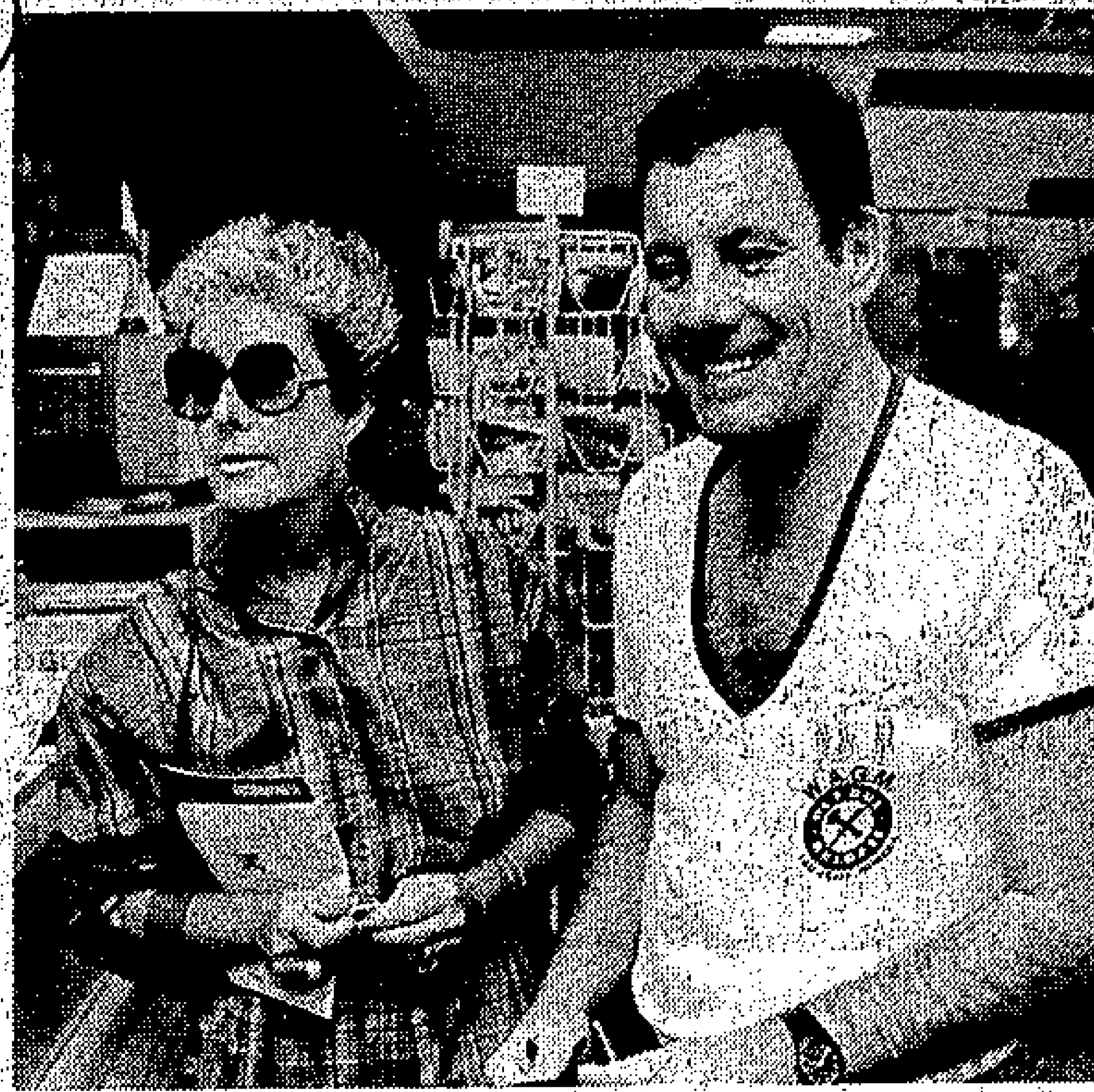
FINDING a bed in Cape Town has become a hard task for tourists, with many forced to make do with whatever they can find in Paarl, Stellenbosch, Somerset West or the Strand.

Several leading hoteliers said that tourists were flooding into the city from up-country as well as overseas.

They attributed the boom to this week's opening of Parliament, the good exchange rate for foreign tourists and good overseas marketing, as well as to the recent lack of good weather up-country.



NO BEDS ... Durban couple Jeff and Heather Murley were among those who had to take what accommodation they could get on Tuesday night — the Mount Nelson "for the night of our lives at R290 for the sheets!"

"All the hotels are full," said Captour manager Mrs Elize Holleman yesterday from her office where numerous luckless visitors had been lining up with accommodation queries throughout the day.

"South Africans used to under-rate Cape Town," said the manager of Bantry Bay's Ambassador Hotel, Mr Selwyn Veley, whose sea-facing rooms have been booked out since October last year. "Now they are realising our good weather is almost guaranteed."

Mount Nelson front-of-house manager Mr Rodney Swart said there were more foreign tourists because there was "less unrest in the Cape this season".

The manager of the Town House, Mr Nigel Pearson, thought the "accommodation crisis" was probably worse last February when the Heerengracht Hotel closed and the St George's had not yet opened.

He thought the situation would improve when the City Lodge opened on the Mowbray Golf Course at the end of the month.

A Durban couple, Mr Jeff Murley and his wife Heather, were among those who had to take what they could get on Tuesday night. The only accommodation they could find was the Mount Nelson — "for the night of our lives at R290 for the sheets!" said Mrs Murley.

Kerzner quits

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SOL Kerzner has announced that he has resigned as a director of Safren, Kersaf and Sun International.

A statement from Safren said last night that the boards have accepted his resignation "realising that he has come to this decisioin in what he regards as to the best interests of the companies concerned".

Safren said: "For their part the board's decision of support was based on the significant contribution that Mr Kerzner made, not only to the companies concerned but to the economies of Southern Africa as a whole and was in no way a condonation of the unfortunate events which emerged at the Harms Commission of which they were previously unaware. — Sapa.

TRANSKEI has not yet decided whether they will extradite or prosecute hotel magnate Mr Sol Kerzner and Cape Town attorney Mr David Bloomberg in the light of the findings of the Harms Commission.

Offshore partner considers Sol's resignation

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B/Day 10/2/89

BRUCE ANDERSON and PETER DELMAR

THE board of Royale Resorts International (RRI), Kersaf's offshore partnership, was still considering hotel magnate Sol Kerzner's offer of resignation, Kersaf MD Ian Heron said yesterday.

Heron said Kerzner would be available for comment in London today on the outcome of his resignation offer to RRI.

He said yesterday Kerzner's resignation from the boards of Safren, Kersaf and SunBop would not create immediate problems.

Heron said: "As far as the southern Africa and Mauritius businesses are concerned, Mr Kerzner has not really been involved for two years and we have built up our own management team which will now carry on."

Kerzner's resignations came after the tabling in Parliament of the second Harms Commission report on cross-border irregularities. Kerzner and attorney David Bloomberg earlier admitted paying a R2m bribe to former Transkei prime minister George Matanzima to secure gambling rights in the state.

Transkei Attorney-General Christo Nel said yesterday he had called for, but not yet received, the report. Asked about Kerzner's and Bloomberg's position, Nel said he was "not yet thinking in terms of specific personalities".

Transkei's leader Gen Bantu Holomisa said yesterday his government would ensure the pair were extradited to face criminal charges in Transkei.

● See Page 4

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Sol Kerzner has resigned from the boards of Safren, Kersaf, Sunbop and Interleisure with the cloud of a R2-million bribe to Chief George Matanzima hanging over his head. Mr Kerzner has been lauded as the classic "rags to riches" model capitalist, the poor boy made good. CLARE HARPER reports.

Not-so-humble boyhood behind Sol's meteoric rise

ACCORDING to early Press reports on the hotel tycoon, Mr Kerzner's boyhood in Bez Valley, where his parents worked seven days a week in a café, was full of love but short on cash.

The young Sol did attend Athlone High School, but the vast public relations machinery around the casino king, and the man himself, has perhaps over-stressed his humble beginnings.

"I've been excited by everything I've done — from the time I started the old Astra Hotel. Worked from seven in the morning until two in the morning. It was fantastic."

Mr Kerzner, now 53, likes to point out that he started at the bottom of the trade, serving food out of kitchens and drinks in pubs.

Less emphasised is that Mr Kerzner graduated as a chartered accountant from the University of the Witwatersrand and represented Wits in boxing and wrestling after winning the university championship in 1954 and 1955.

And the humble café owner, Mr Morris Kerzner, later became a Durban hotelier. It was with his father that Mr Kerzner built the Beverly Hills hotel in Umhlanga.

Nevertheless, it is not every son with a father in the hotel business who goes on to build a hotel and entertainment empire and gets to marry Miss World.

Sol Kerzner

Transformed the bush

In 1979 Sol Kerzner transformed a piece of remote bush in Bophuthatswana into one of the country's most successful entertainment centres.

Both the Beverly Hills and Sun City were built when Mr Kerzner was associated with South African Breweries.

The SAB link was forged in 1968 when Mr Kerzner needed money to build the Southern Sun hotel chain.

Describing his breakaway from South African Breweries in 1983 "as a helluva emotional time", he says the decision was not taken to improve himself financially.

"I don't see business as a game of monopoly," he said of the break, in which he took over SAB's Southern African resorts and casinos.

From there, he took over the Holiday Inn operations in South Africa's "homeland" states and formed a new company called Sun International.

Other people's money

Mr Kerzner pointed out that at the conclusion of the Safren deal with Kersaf, he was again put in a minority position.

In fact, as financial commentators pointed out, Mr Kerzner built his empire largely using other people's money, while he personally held small, but important stakes in the various hotel groups.

"All this talk about 'going forth and building a casino in the bush' is public relations hype — it wasn't his money being spent," one commentator said.

Mr Kerzner's stake in Kersaf is estimated to be about 10 percent and he is estimated to be worth about R200-million.

Nevertheless, Mr Kerzner played a central role in building up the Southern African hotel industry into one of the most competitive in the world, and, according to financial analysts, has a good team to succeed him.

For this reason, share values are not expected to drop and the companies are still expected to perform well.

Owns 80 percent

Kersaf owns 80 percent of Sun International, which, apart from its 50 percent of Royale Resorts, controls all the Southern African casino operations, including Sun Bophuthatswana and Transkei Sun.

Subsidiaries and companies associated with Kersaf (in June 1987) are:

Bop Commerical Radio, Chobe Game Lodge, Computicket, Irene Film Laboratories, Kersaf Liquor Holdings, Kunick Leisure Group, Lesotho Sun, Mike's Kitchen Franchising, Riviera International, Satbel, Ster Kinekor films, theatres and videos, Sun Hotels International, Sun International in Botswana, Bophuthatswana, Ciskei, Wild Coast, Sun Resorts, Toron Interational, Transgames, Transkei Sun, Venda Sun.

In an interview prior to his extravagant birthday bash at Sun City in 1985, Mr Kerzner made it clear that he had not, by any means, finished expanding his empire, both nationally and internationally.

Royale Resorts International presently takes up much of Mr Kerzner's time.

It has not been confirmed whether Mr Kerzner has also resigned from this board.

Cash boxes jingle at Jo'burg luxury hotels

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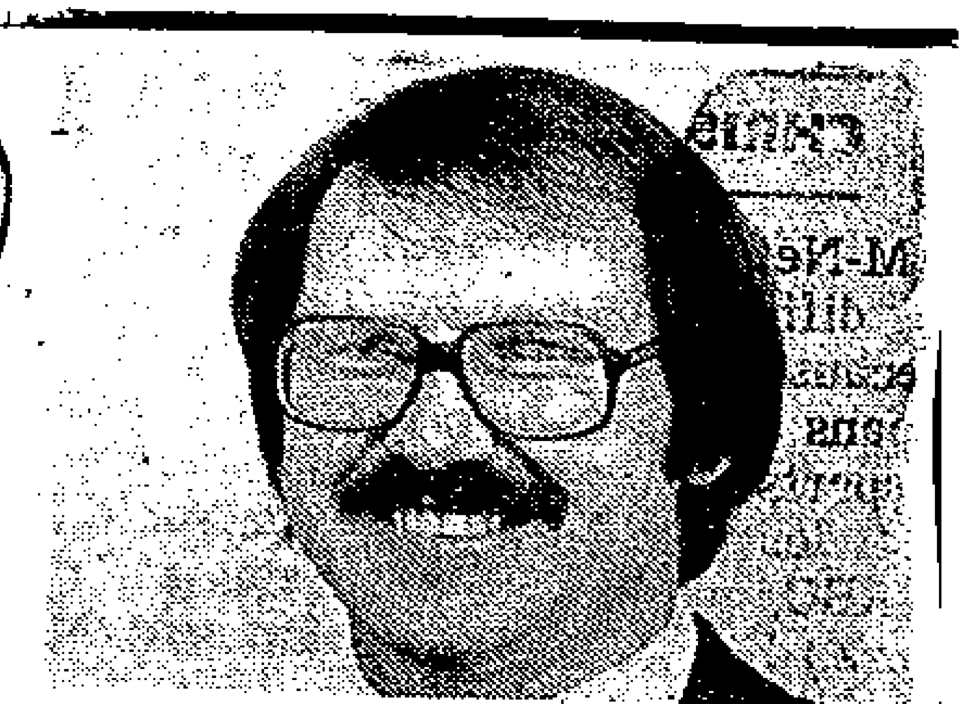
Star 11/2/89



KEN ROSEVEAR

FRANK JEANS

MAJOR hotels in Johannesburg are doing five-star business again, sparked by renewed growth in the tourist trade, along with a steady increase in the domestic market.

Southern Sun's Johannesburg and Sandton operations report satisfactory occupancy levels.

The city's Anglo American-owned Carlton is cautiously optimistic about regaining some of the foreign trade it lost after the heady days of the seventies.

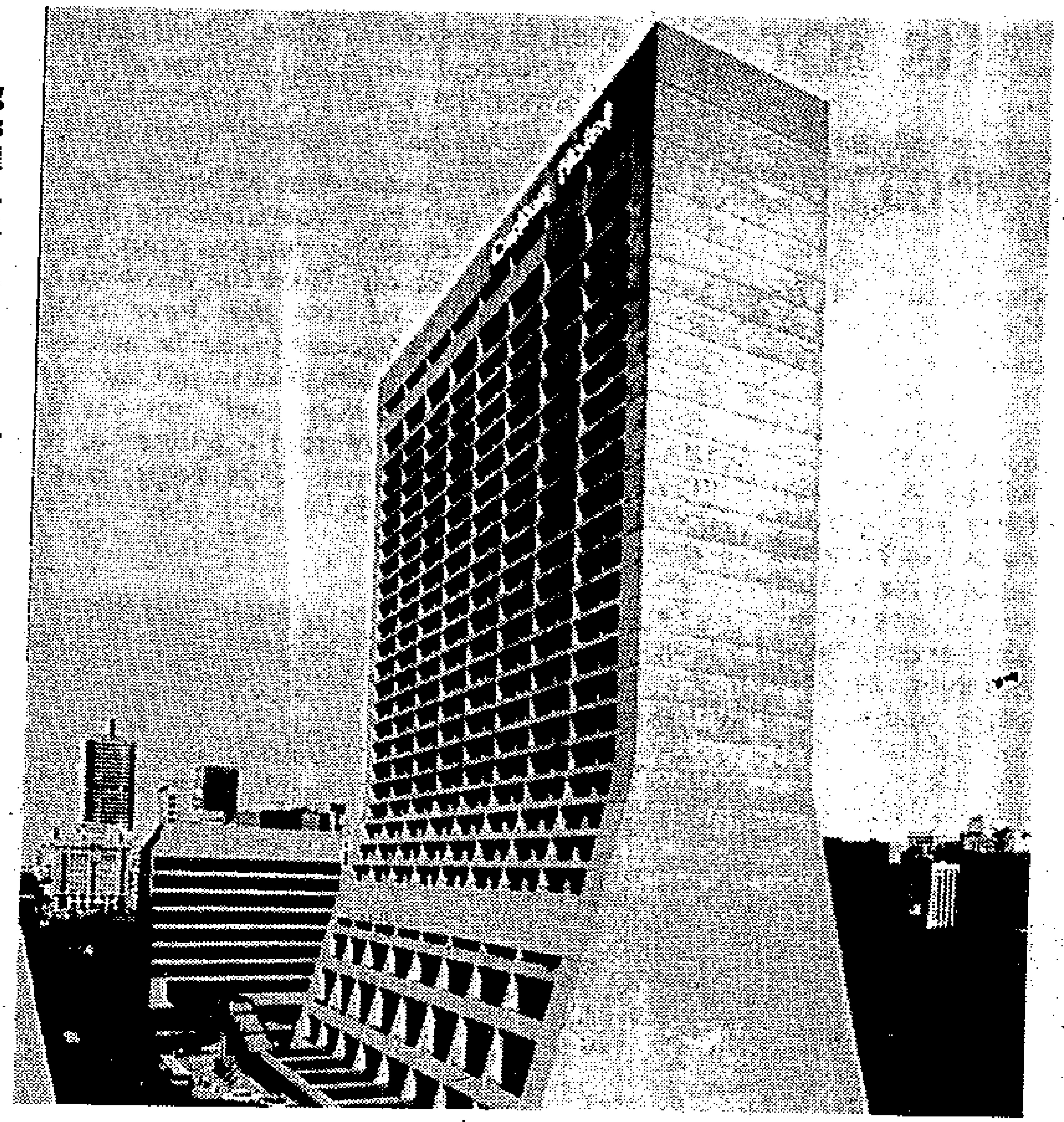
About 60 percent of the Carlton's business came from abroad then and although disinvestment moves caused a significant erosion of that figure, which reached a low about the middle of last year, there are signs of a comeback in foreign trade.

And the fact that the Carlton now has an office in London suggests that its management is going for a still bigger slice of that market.

Occupancy figures in the Carlton are difficult to assess at present because the hotel has been in the throes of a revamp of its 660 rooms, which began when the management company, Westin, handed over control to Three Cities Hotels last August.

Mr Piero Farina, executive assistant manager at the Carlton, says: "When Westin left, we had started the renovation programme. 460 rooms have now been upgraded and there are still 200 to do.

"In the circumstances we cannot get a true picture of occupancy comparisons at this stage, but certainly we are doing relatively better than expected."



The Carlton . . . clouds lifting

Mr Peter Smith, managing director of Southern Sun, reports an eight percent growth for the five-star Johannesburg Sun and Towers in the last six months of 1988 and an 11 percent jump for the first two months of this year.

A comfortable 15 percent of the business is coming from foreign visitors.

The other big one in the SS group, the Sandton Sun, which has constantly enjoyed high occupancy levels since its inception, including an average of 60 percent in overseas trade, recorded a five percent growth for the six months and eight percent for January-February.

"There is no doubt that the group is experiencing a bigger intake from overseas," says Mr Smith, "but it is also encouraging to see stronger internal movement."

The Southern Sun associate, Holiday Inns is equally buoyant, with managing director, Mr Chris de Kock, reporting considerable gains.

The Sandton Holiday Inn posted a 75 percent occupancy level for the six-month period, slightly up on the previous figure.

This rate is certain to increase even further on the back of plans to add 40 more rooms to the hotel during this year.

The old Landdrost, which has come into the HI fold under the banner of Downtown Holiday Inn, is also doing well, with an occupancy rate of 50 percent — 12 percent up on the corresponding period of 1987.

Certainly, the hoteliers are encouraged by the rise in local trade, for despite the comparatively tight economic conditions, South Africans are switching to the special packages put together by the major groups.

Mr Ken Rosevear, managing director of Sun International, reports the best-ever response to the group's mid-January Summerscape campaign.

"Sun International is going strong all over," he says.

"Group occupancy level for the six months to last December was 72,4 percent, compared with 67,9 percent for the same time in 1987.

"The latest figure for the month of January this year shows a healthy 71,1 percent."

Indeed, heavy demand in the holiday month of December forced Sun International into an unusually high "regrets" situation, turning away a group total of 63 000 room nights.

All three hotels in the Sun City complex posted a total of 84,7 percent occupancy for the six months (79,6 percent), with January hitting the 84,1 percent mark.

Angry Kerzner lashes 'abusive' critics and vows to clear his name

SOL: I'M NO CROOK!

S/Times 12/2/89

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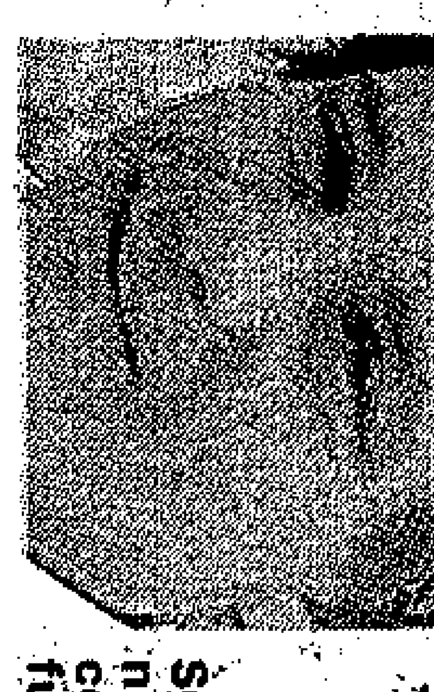

SOL KERZNER ... now in England contemplating his future

By DAVID CARTE and JEREMY BROOKS

CASINO magnate Sol Kerzner is hurt, angry — and ready to fight for his reputation.

"Some people have cast me as a common crook when all I did was act in the interests of my companies," he said.

In the first full interview since his resignation this week from the boards of the giant concerns he built in southern Africa, an unbowed Mr Kerzner vowed to vindicate himself.

Stung by criticism of his involvement in the payment of a R2-million bribe to the now-disgraced former Prime Minister of Transkei, George Matanzima, Mr Kerzner said: "I'm content I acted in the interests of shareholders and of the Transkei, not for personal gain or for some sort of ego trip.

"It was a totally insignificant little option. Had I not proceeded, there could have been chaos in Transkei.

"I have no qualms. If I did not have the benefit of hindsight and I were placed in the same position again, I am not sure I would not do the same thing.

"I am not pleased. I contributed to those companies and to those countries. I have seen myself as a responsible contributor to SA generally. I am not happy walking away from close relationships with so many people. But I can't ignore all the abuse."

He said he remained loyal to South Africa and emphasised he had no plans to emigrate.

His immediate plans were to reflect on recent events — and then to make a full statement.

Mr Kerzner said: "I haven't had time to think where to move next. I'll just take time out to think. One of the frustrations has been my inability to react to all the unfair stuff that is being said and published about me.

Integrity

"I'll take time out to consider my individual response as a person.

"I'll probably say more in a few weeks. In the meantime, I feel quite comfortable about my integrity. I am gratified that the board with the calibre of people who are on it, people with much fuller knowledge of the circumstances, supported me."

Mr Kerzner spoke to the Sunday Times by telephone from his Rolls Royce somewhere in the British Cotswolds.

He was travelling from his UK base at Henley-on-Thames to a meeting to discuss his future at Royale Resorts, the international firm with unidentified foreign partners.

This week, Mr Kerzner resigned from Kersaf, Safren, Sun Bophuthatswana, Transkei Sun and Royale Resorts. His resignations from the SA companies were accepted, while Royale Resorts is still considering its position.

Asked why he had resigned all his directorships, he replied: "I could not tolerate the abuse and unfair comment levelled at my colleagues and me. People of the calibre of President Lucas Mangope of Bophuthatswana and Old Mutual chairman Jan van der Horst were harassed.

"As a party to formal board statements, I could add nothing. I was gagged. But I felt I had to defend my own dignity. The time had come when I could not longer remain silent."

Mr Kerzner's resignation followed critical media comment and fierce debate among his board colleagues after he admitted that a R2-million payment was made to secure exclusive gambling rights for Sun International in Transkei.

Some of SA's most powerful and respected businessmen — such as Mr Alistair Macmillan of Safren, Mr Dick Goss of Kersaf, Mr Len Abrahamsen of Nedbank and Syfrets, and Old Mutual's Dr Van der Horst — sat on boards with him.

The ultimate controller of Kersaf and Safren is Old Mutual, a model of probity in SA business.

P.T.O.

R5 382 saving in timeshare holiday costs

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By Udo Rypstra

SOUTH Africans are saving a lot of holiday money at home and abroad by using timeshare and exchange facilities.

A Johannesburg man who bought a timeshare unit for R4 400 in 1983 says he has saved almost R1 000 net in holiday accommodation — and his unit has almost doubled in market value.

Businessmen are now also using their SA timeshare facilities to obtain exchange accommodation abroad — saving a large amount in hotel costs.

Record

Resorts Condominium International (SA) expects to handle more than 20 000 timeshare exchanges this year, almost double last year's figure.

Michael McCarthy, of Johannesburg, has kept a record (see table) that shows it would have cost him almost R8 500, or an average of about R1 400 a year, for his family of four to have a week a year in a hotel on the Umhlanga beachfront. This would have included all meals and would have worked out at an average of R50,26 a person a day.

He bought a one-week timeshare unit for R4 400 in Umhlanga Sands, paid his levies every year and bought his own meals. The total cost was R3 063, or R510 a year, an average of R18,23 a person a day.

Mr McCarthy says he has saved R5 382 in only six years and has more than recouped his original investment. The unit has appreciated in value to R8 500 and can be expected to continue rising.

Because ownership is forever, many more cut-price holidays lie ahead for him and his family.

Stopovers

Mr McCarthy could exchange his Umhlanga week for one elsewhere in South Africa, or abroad.

RCI managing director Bruce Ravenhill says the number of timeshare exchanges in 1988 rose by 64% to 10 380. The request-fulfilment rate was 93%.

Internationally, RCI's outgoing exchanges were 1 596 weeks. The request-fulfilment rate was 87%.

Mr Ravenhill says: "We organise the whole travel and swop arrangement through RCI Travel Club, which is run by Endless Vacation Travel, our in-house agency. Hotel and stopover packages are arranged to give people time in such places as London. A timeshare swop is arranged.

"As the cost of overseas holidays becomes more expensive, we expect more people to use timeshare swops. They save accommodation costs and timeshare owners have more money to spend on holiday or even business."

Last year RCI established an on-line computer link through London to the worldwide RCI system. This means that foreign exchanges can be controlled from RCI's Sandton office. Availability can be assessed immediately. Options can be offered and confirmation can be made quickly.

HOTEL-TIMESHARE ACCOMMODATION COST COMPARISON FOR THE McCARTHY FAMILY

All inclusive rates with meals for one week in a family hotel on the Umhlanga beachfront.
Total cost for a family of four
Total cost family hotel

All inclusive rate with meals for one week of Southern Sun timesharing at Umhlanga Sands.
Total cost for a family of four
Total timesharing costs

		Hotel	Levy +	Meals	= Total
Actual cost	1983	R761	R150	R188	= R338
Actual cost	1984	R919	R176	R265	= R441
Actual cost	1985	R1 317	R194	R259	= R453
Actual cost	1986	R1 540	R223	R312	= R535
Actual cost	1987	R1 724	R250	R341	= R591
Actual cost	1988	R2 184	R290	R415	= R705
	= Total		Levy	+	Meals
Cost over 6 years		R8 445			R3 063
Average a year		R1 407			R510
For each person a day		R50,26			R18,23
Saving		nil	R5 382 - R4 400 (outlay) = R982		
Holiday asset		nil	'88 value timeshare unit R8 500		

Note: The purchase price of the timeshare unit was R4 400.

Expansion trims Interleisure profit

Star 18/2/89 (288)

By Ann Crotty

Entertainment conglomerate, Interleisure, which is 39 percent-held by Kersaf, has turned in strong results for the six months to December.

But the relatively pedestrian improvement at the earnings-per-share level highlights the impact of funding the group's rapid expansion.

Reflecting the high level of consumer spending, including the buoyant Christmas period, group turnover was up 54 percent to R185,7 million (R120,5 million).

Operating profit rose 47 percent to R26,9 million (R18,3 million). This meant that margins were down slightly from 15,1 percent to 14,5 percent.

The group goes for high volume and reasonable quality at relatively low prices, but this has not prevented the attainment of attractive margins.

There was a massive hike in the interest bill, from R661 000 to R2,9 million. This reflects the group's aggressive acquisition strategy.

The balance sheet shows short-term borrowings have surged from R2,5 million to R41,7 million, which has pushed up gearing from nine percent to 56 percent.

Pre-tax profit showed a 36 percent increase to R24 million (R17,6 million).

After tax and minorities, attributable earnings showed an increase of 27 percent to R13,8 million (R10,9 million).

But the increase in shares that followed some of the acquisitions meant that the improvement at the share level was restricted to 17 percent, taking earnings to 7,6c (6,5c).

A dividend of 3,75c (3,25c) has been declared.

Reflecting the massive increase in borrowings, interest cover is down from 28 times to 9 times.

The directors say: "Barring any major acquisitions in the year ahead, it is considered likely that the gearing ratio will be reduced."

Looking to trading prospects for the remainder of the year they say: "Although a slowdown in economic activity is expected in the second half, earnings growth for the next six months should at least equal that already achieved."

R1,5 m drive for winter tourists

Cape Times 18/2/89 288

Delegation punts Cape

SPONSORED by SAA, hotel groups and the winelands, a Captour delegation last week visited all the other major centres of South Africa to promote the Cape as a conference and exhibition centre, all the year round.

Meanwhile Captour has produced an attractive "Cape Conference and Exhibition Guide", with all conference venues in the Western Cape listed.

Marion Kelder, assistant to the MD of Captour and a member of the touring party, told Top of the Times: "We had an enthusiastic and most encouraging response at all the centres we visited."

Captour claims it has extended the Cape season from six weeks to six months; now it is going all out, in a campaign just launched, to make the Cape a 12-month destination — including the winter, "green season" months. ROGER WILLIAMS reports.

A CONCERTED R1,5 m campaign has been launched by Captour to promote the Cape's winter months, "the green season", and to turn the region into a 12-month tourist destination.

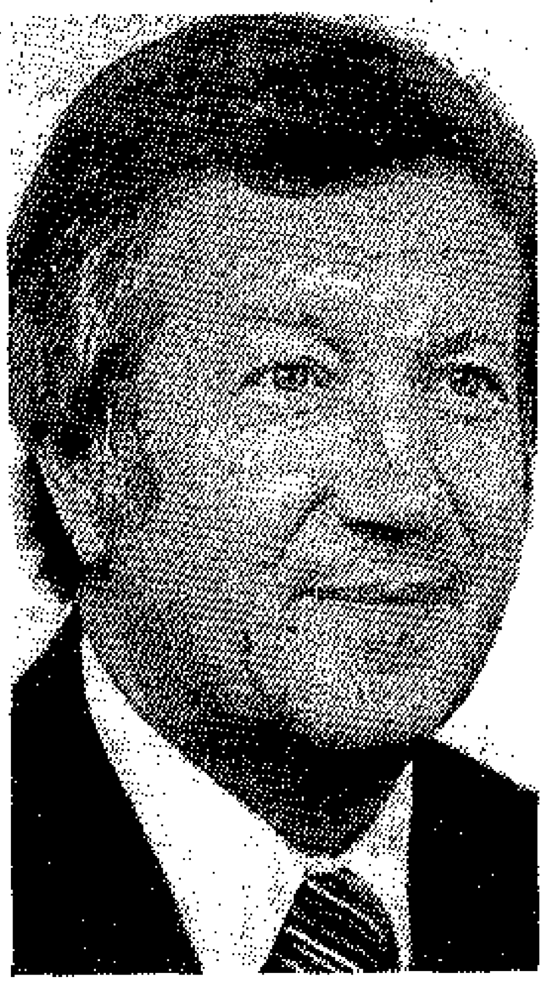
Captour chairman Louis Kreiner, a member of the City Council Exco, said yesterday Captour was putting R700 000 into the campaign, on an increased grant from the Council, and the private sector was being called on for an additional R800 000.

"We are getting together a marketing tool which will show prospective stake-holders in this campaign the benefits they stand to derive from a 12-month season — a high rate of continuous employment, for many, being one of them.

"We've got the strongest board we've ever had in Captour and we're going all-out on this campaign, which for a start will be directed mainly at other centres in South Africa but which will also be extended to other countries.

"The press, radio and TV and audio-visual presentations will be used.

"We have succeeded in having the Cape season extended from six weeks to six months, and in achieving a 24% increase in the inflow of visitors in the 1988/9 high season.



Captour chairman Louis Kreiner: "We're going all out to make the Cape a 12-month destination . . ."

"There is therefore no reason why we should not succeed in firmly establishing the Cape as a desirable place to be, all the year round — and we are going out into the market place to put our case.

"We are arranging for wide distribution of a programme of events at the Cape throughout the year; we are citing specific benefits of coming to the Cape in the 'green season'; we are encouraging travel agents and tour operators to offer special packages in that season and we are drawing attention to the benefits of the Cape as an all-the-year-round conference centre.

"Our hotels must also, of course, play their part, and as we shall need more of them if our campaign succeeds — which we are confident it will — we on the City Council are already identifying sites that we feel would be suitable for new hotel developments."

Cable station

Kreiner said while Captour was promoting the Cape elsewhere in the country as well as overseas, it was also campaigning for improved tourist amenities within the Cape itself.

"For instance we are trying, in collaboration with the cableway company, to overcome a common cause of complaint by tourists — their having to wait for long periods, in queues, at the lower cable station.

"The idea will be to use a computerised booking system, which will ensure the tourist of a ride to the top of the mountain at a specified time on a specific date; a device at Kloof Nek for those who have not booked, indicating space availability on the cable-cars — and also possibly the provision of a restaurant on the mountain slopes near the lower cable station."

● The "Green Season" campaign is aimed at, among others, people in the upper income groups with a certain amount of leisure time, sophistication and enjoyment of "the finer things".

Cooler months

However, says Captour, there is something for everyone in the Cape during the cooler months. In autumn, the winelands are at what could be described as their most beautiful, and in August/September, the West Coast and Peninsula highways and byways burst into bloom, with a carpet of flowers as far as the eye can see.

The "Green Season" brochure being produced by Captour will highlight activities and events that take place from April to November, ranging from horse racing and the Cape Hunt to beachcombing and caving.

Cultures

Art, culture, theatre, music, ballet, our hotels and restaurants, museums, galleries, historical homes and buildings, places of interest and the unique blend of cultures at the Cape are among are among the target areas of the campaign, as are the "nautical flavour" of the city and the beauty of our scenic "routes", including the wine route, fruit route and the cheese and wool routes.

The Green Season culminates in the Cape Festival which will take place from September 23 to October 10, during the Cape spring. The wild flowers of the Cape will be an intrinsic part of the festival, as will major sporting, entertainment and other events.

New hotel for CBD

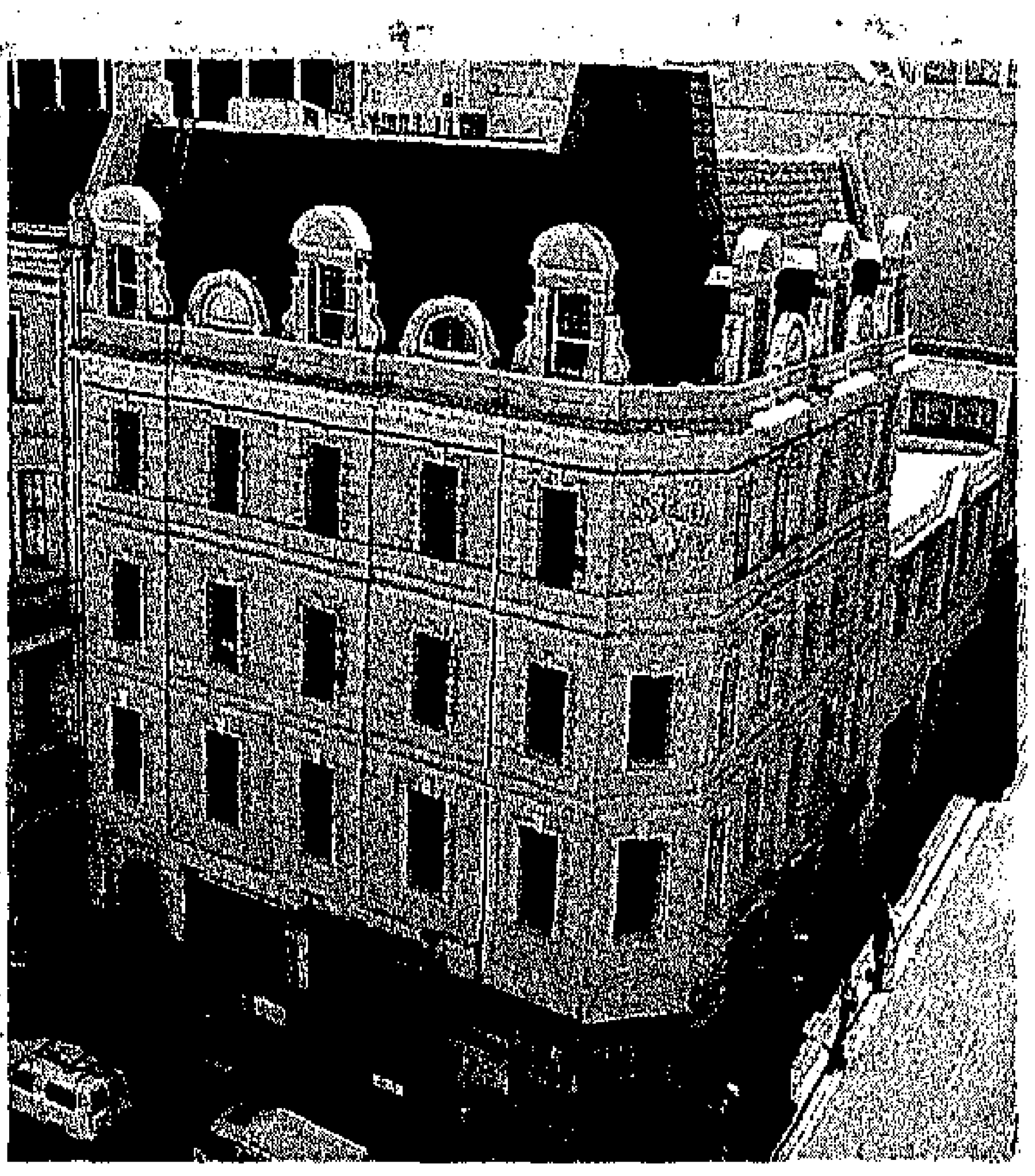
By ROGER WILLIAMS

WINCHESTER HOUSE, on the corner of Long and Shortmarket streets is to be converted into a small, exclusive hotel with 26 bedrooms.

Top of the Times understands the building will retain its old-world facade but will be modernised internally, providing upmarket accommodation in the CBD for businessmen and tourists.

The new hotel will incorporate a coffee shop.

The 1910 building, formerly owned by Cape Town City Council, is one of Long Street's four "historically most significant" buildings mentioned in the Cape Town Heritage Trust report.



NEW HOTEL FOR CITY ... Historic Winchester House, on the corner of Long and Shortmarket streets, which is to be converted into a small, exclusive hotel for businessmen and tourists. Picture: RICHARD BELL

Owner blows whistle on 'Pig'

Cape Times 18/2/87 288

By PETER DENNEHY

STUDENTS and other regulars drinking at the Pig 'n Whistle in Rondebosch were dismayed to hear yesterday that the famous pub is to close soon — probably in April.

It is due to be redeveloped at a cost of about R3 million into a restaurant and news agent.

The upstairs floor will be offices and the beer garden will be converted into a parking lot.

Mr Bertie Chait, owner of the business, said yesterday he had sold his option to buy the historic Randall's Hotel premises to a development corporation for an undisclosed sum.

Mr Allan Groll, a spokesman for the developer, confirmed that the Pig will close in the first half of this year.

He said he was acting on behalf of Mr Chait, who was one of the partners in the consortium redeveloping the property.

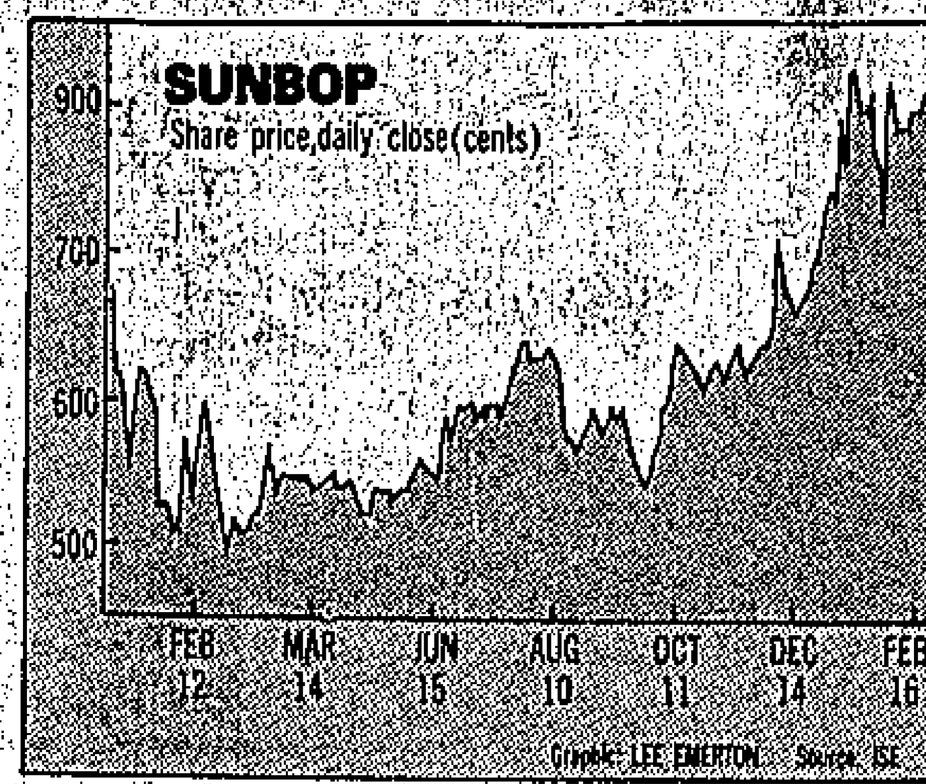
Mr Chait said "this is a good financial deal".

Asked where the students would drink, Mr Chait said: "At the new Pig 'n Whistle." He would look for a suitable site for a new pub, he said.

Students in the beer garden were "flabbergasted" to hear the Pig was to close down. "The Pig's a classic place," said Craig Blease. "There are not many places where you can sit in the garden and have a drink."

Ms Patricia Foster, a UCT student, said her grandparents and her parents had come there. "What about my children?" she asked.

emergency censorship restrictions apply to a wide range of reporting, comment and pictures in the Ca



Sunbop earnings hit the jackpot

B/Day 20/2/89 (288)

BRUCE ANDERSON

SUNBOP turned in strong results for the six months to December with a 55% increase in earnings a share and dividends as more people flocked to Bophuthatswana's casinos and hotel occupancies for the group rose.

Earnings a share climbed to 48,9c (from 31,5c) while the dividend of 32,5c (21c) was declared.

Pre-tax profit rose 64% from R49,9m to R81,9m on a 43% increase in turnover from R165,5m in 1987 to R236,4m last year.

Directors said growth in earnings per share for the second half of the year should be in line with that achieved in the first half.

● To Page 2

Sunbop hits jackpot: 55% earnings rise

B/Day 20/2/89

● From Page 1

Sunbop's share price put on 35c on Friday ahead of results. The share reached a 12-month high of 850 in mid-January. The group's hotels' average occupancy — which rose 3% last year to 80% — is higher than competing hotel chains in southern Africa, said directors.

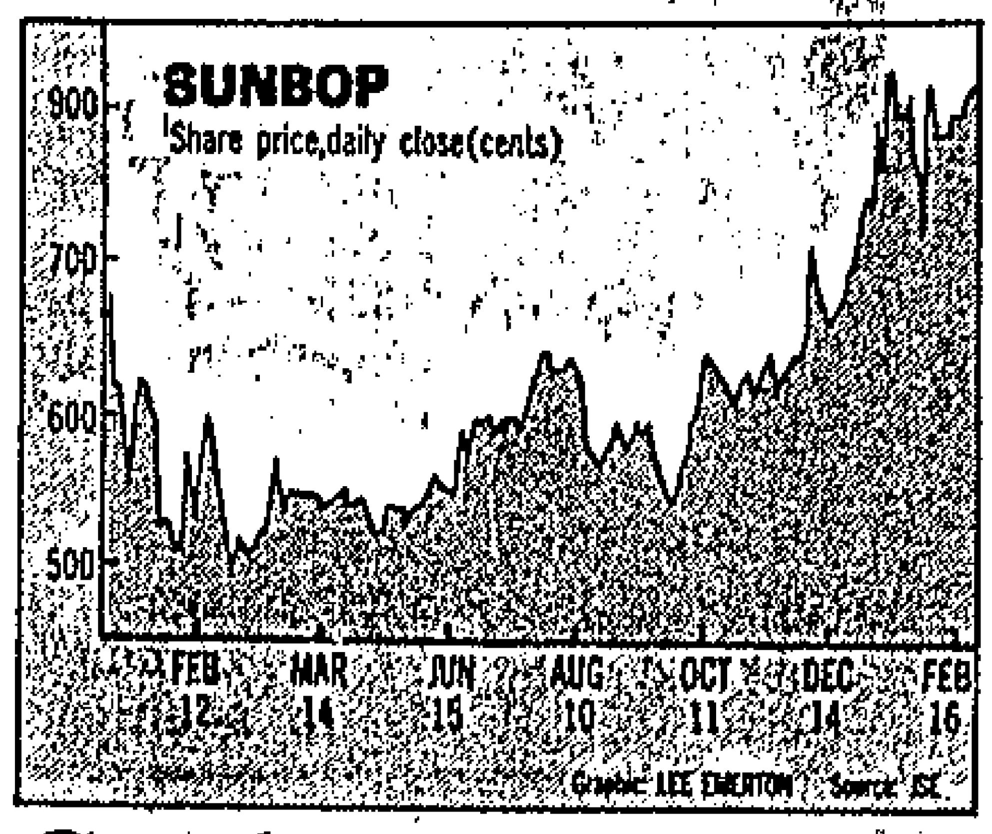
The initial dampening effect of Morula Sun on the casino operations at Sun City was reversed and Sun City took advantage of its "unique facilities" to boost earnings to a satisfactory level.

In addition, trading results of the Taung Sun hotel and casino, 120km north of Kimberly, which opened in December last year, exceeded expectations.

Executive director Ken Rosevear said more people travelled to Sun City for large jackpots and popular shows.

The group had also continued to market its hotels and casinos aggressively.

All units contributed strongly to the improved results, said directors.



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SA tourism is on the increase

B/Day 22/2/89 (288)

KIMBERLEY — SA tourism showed a growth of 14,4% last year, said Satour deputy executive director Campbell Smith.

Speaking at a tourism conference in Kimberley, he said 388 000 overseas tourists and 400 000 tourists from Africa had visited the country last year.

Tourism was an economic force with more South Africans discovering inland SA and members of all population groups starting to travel more extensively in the country.

He said in the process of promoting tourism certain standards and principles had to be upheld.

Captour director John Robert said at the conference that development of tourism depended on a partnership between the state, local authorities and local communities.

Residents should become more involved in the marketing of their own towns and education in this regard should start at school.

Increase

He emphasised the importance of the development, marketing and management of a tourism infrastructure.

He added that through successful application of this process tourism could increase by at least 10% a year. — Sapa.

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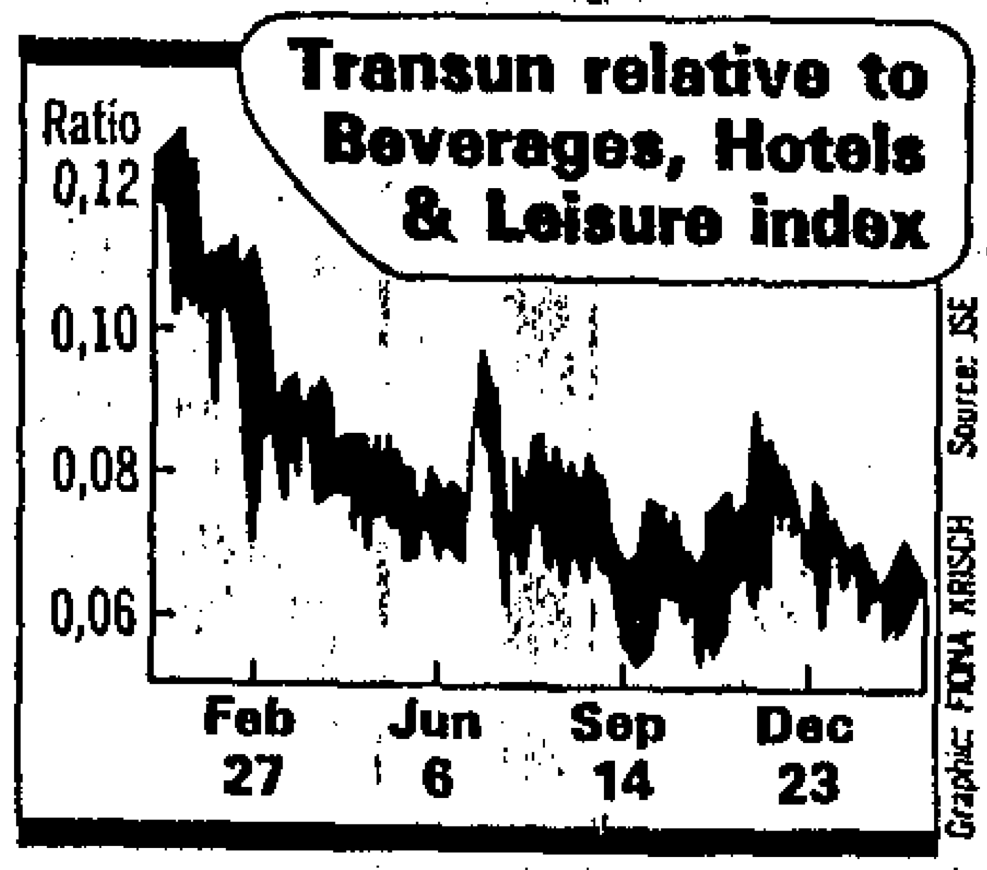

Transun 'has strong case'

6 Day 24/2/89 LESLEY LAMBERT (288)

TRANSKEI Sun International (Transun) would contest any legal dispute over exclusivity of its gambling rights in Transkei because it believed it had a strong case, Transun chairman Ian Heron said yesterday.

He was discussing Transun's interim results, in which earnings grew 18% to 14,7c a share, and the effect that recent disclosures and recommendations by the Alexander and Harms commissions of inquiry could have on future earnings.

In a statement issued with the results, Heron referred to the disclosure that Transun's acquisition of a 55% stake in Transgames was "associated with an improper payment" by former Sun In-

● To Page 2

Transun will contest legal disputes (288)

6 Day 24/2/89 ● From Page 1

ternational executive Sol Kerzner and Cape Town attorney David Bloomberg to former Transkei Prime Minister George Matanzima.

Heron said it appeared that exclusivity of Transun's gambling rights in the Wild Coast Sun area, and validity of exclusive rights of Transgames, Tattersalls and the Umtata project, were to be referred to the Transkei Supreme Court.

The company would take the necessary steps to protect its interests.

It was important to distinguish between the company's exclusive gaming rights and its gambling licence when trying to determine possible effects of developments on business operations.

There was never a question of Transun losing its gambling licence, which was a major profit generator.

If Transun lost exclusive rights others could develop in those areas. "We are not too concerned about that. We have the best site available on the Umtamvuna River, separating Transkei from SA," Heron said.

Transun produced satisfactory results during the six months to December 31 with turnover increasing 33% to R71m and operating profit by 30% to R30,8m, owing to high occupancy levels at the Wild Coast Sun and gambling profits.

An interim dividend of 11,5c was declared, representing a 15% increase.

Growth in earnings a share was affected by a substantial R3,7m increase in the tax bill to R8,6m. Tax was lower in the previous year as a result of investment allowances available on extensions to the Wild Coast Sun.

Provided no material consequences arose from issues dealt with by the commissions, growth in earnings for the second half should at least equal those achieved during the interim period.

Transun increases earnings

Stev 29/2/89

288

Finance Staff

Transkei Sun International (Transun) increased turnover for the six months to December by 33 percent to R71 million (R53,4 million).

Operating profit improved by 30 percent to R30,8 million (R23,7 million), resulting in atttributable earnings rising by 18 percent to R21,3 million (R18,1 million). Earnings per share rose by 18 percent to 14,7c (12,5c), while the interim dividend was raised by 15 percent to 11,5c (10c).

Commenting on the results chairman Ian Heron said that the Wild Coast Sun achieved an average room occupancy of 76 percent for the period, slightly down on the 1987 interim period.

"Transgames generated taxed earnings of R2,4 million, 100 pecent up on 1987," he said.

On prospects he says that provided there are no material consequences to the company arising from the inquiry into the question of exclusivity of gamblng rights awarded by previous Transkei governments to the Wild Coast Sun, growth in earnings for the second half of the year should at least equal that achieved in the first half.

The exclusivity of Transun's gambling rights and validity of exclusive rights of Transgames, Tattersails and the Umtata projects are set to be referred to the Transkei Supreme Court.

"The company is taking the necessary steps to protect itself," Mr Heron said.

Now the Sun also rises in Bloemfontein

BDay 27/2/89

BRUCE ANDERSON

286

SOUTHERN SUN'S newest development, the 147-room Landdrost Hotel in Bloemfontein, was opened yesterday.

The Landdrost, which has been open to the public since November, cost Southern Sun R30m to build.

The hotel is built on a Cape Dutch theme with the two storey building encircling a pool and garden area.

The hotel boasts two presidential suites, 14 executive rooms, a restaurant, a bar and conference and banqueting facilities.

TIMESHARE 288 FMail 24/2/89.

Term problems

When school terms are changed the repercussions go far beyond pencilling in new dates on a calendar. They can send timeshare managers and time owners into a flat spin.

For example, week 15 last year may have been a prime week because it fell in the last week of the three-week Easter break.

This year, the owner may find himself high and dry in the Transvaal instead of surfing at the coast — because his children are due back at school that week.

Will he be compensated for the devaluation of his prime week brought about by the school term changes? Or does he simply have to grin and bear it.

It's a problem being addressed by the

FINANCIAL MAIL FEBRUARY 24 1989

288 FMail 24/2/89.

timeshare industry which is looking at ways of restoring imbalances brought about by the change from a three-term to a four-term school year in the Transvaal.

Options vary from flexi-time — which allows timesharers to buy school holidays rather than fixed periods — to a points system. In fact, the problem is so serious that leading timesharing developer Southern Sun Timesharing (SST), has formed a sub-committee to investigate the problem.

According to SST operations director, Gavin Michelmore, another school term change is possible next year.

Though the larger timeshare groups say the present changes are minimal, they have resulted in out-of-season timesharers suddenly becoming prime-time owners and vice versa.

One of the methods used to resolve the issue is to simply swap weeks to ensure that no one loses out. Resort Condominium International estimates the industry's unsold stock to be in the region of 33% to 48% of week units, which could be used for swap purposes. But few members of the industry will disclose details of how many time-owners are affected.

One organisation which says it has had few problems sorting out the issue is the Syfrets-associated Trafalgar Timeshare Resorts. Trafalgar — the second-largest timeshare developer in the country — has decided to upgrade the weeks of owners hit by the changes. Marketing director, Rioma Cominelli, says almost all the affected timesharers who have requested upgrading have been satisfied. "Besides absorbing any stamp duties and extending the payment period by a further 72 months from the date of signing

288

the new contract, where upgrading was not available in the same resort, we offered weeks in our other resorts."

Kondotel, said to be the country's fourth largest timeshare developer, says it will not be affected by the changes. This is because it sells time on a flexi-module system rather than the more widely used fixed-time concept.

According to Kondotel MD Jan Kruger this is the only system which fulfils the consumer needs in relation to a changing school calendar. "Out of the 11-12 Transvaal school holiday weeks, we guarantee 10."

288

Kruger says five other school holiday weeks, which fall under other provinces, are also offered — but not guaranteed.

He explains that in order to make the system work owners are sent reservation forms each year. The client fills in the form stating the week — out of the 37 weeks — he wishes to holiday in. "The flexibility of this system allows the client to choose a suitable time to holiday."

According to Kruger, in Australia 85% of all timeshare schemes are based on the flexi concept, compared with 20% in SA. ■

Kersaf puts up a solid interim

Star 27/1/87

288

By Ann Crotty

Kersaf has reported a strong first-half performance and, with earnings up 36 percent to 65,8c a share and the dividend 34 percent higher at 39c for the first six months, full-year earnings 130c and a dividend of 80c should be on the cards.

The only threat to this sort of performance is the possible impact of the Harms Commission of Inquiry.

A statement released with the results says: "The board will in due course determine the appropriate carrying values of the investments in Transgames and Tatterstalls. In the event that these investments require to be written down in value, this will be done through the income statement as an extraordinary item with no taxation effect.

"In the event of the Umtata project not proceeding or not proceeding in accordance with the original concept, all or certain of the costs incurred to date, as well as additional costs that may of necessity be incurred, will be written off as extraordinary items."

Kersaf MD Ian Heron says the directors will take a view on this issue at year-end, adding that he does not expect any decision to affect the dividend payment.

In the six months to end-December group turnover was up 42 percent to R639,4 million (R451 million). Operating profit surged 51 percent to R186 million (R123,6 million), reflecting the fact that margins benefited from the increase in average occupancy from 70 percent to 72 percent.

Interest payment doubled to R10,2 million (R5,1 million) because of the sharp hike in borrowings, which resulted in gearing rising from 15 percent to 25 percent.

The higher level of borrowing was attributable to expenditure on Taung Sun, the Fish River hotel, and acquisitions made by Interleisure. Mr Heron expects gearing to be 25 percent at year-end.

After an increase in the tax rate to 31,7 percent from 27,9 percent, attributable earnings showed a 36 percent advance to R49,3 million.

A divisional break-down at this level shows SunBop contributing R17 million, Transun R9 million and Interleisure R6 million.

The balance — just over R17 million — comes from offshore interests, including other Southern African interests, management fees from these operations, Royale Resorts, Kersaf Liquor and income from Kersaf's 21 percent stake in Southern Sun.

Mr Heron expects a similar percentage breakdown for the full year.

Kersaf heads for a billion

Business Times Reporter

S Times 26/2/89

AFTER great first-half results, Kersaf Investments is heading for turnover of a billion rands and taxed profit of R100-million in the year to June. (288)

In the six months to December, the top listed company in the hotel and gambling empire founded by Sol Kerzner hoisted turnover by 42% to R639,4-million, pre-tax profit 48% to R175,9-million and taxed attributable profit 36% to R49,4-million. Earnings a share rose by 36% to 65,8c and the interim dividend 34% to 39c.

The billion-rand sales and R100-million taxed profit target are set by managing director Ian Heron. He says the group should maintain 36% earnings growth for the year.

Mr Heron gives a rough breakdown of attributable profit sources in the past half-year: Sun Bop R17-million, Trans Sun R9-million, Interleisure R6-million. The balance of R17-million came from off-shore, Ciskei, Mauritius, Botswana and liquor.

All units boomed, notably Sun Bop with 55% earnings growth. Growth at Trans Sun was subdued at 18% because there was no expansion there.

If Kersaf can hold the first-half pace, earnings for the year will be 150c. The share at 1 400c is only 9,3 times forward earnings and yields a prospective 6,7%.

B/Day 27/2/89

HEAVY CONSUMER SPENDING BOOSTS KERSAF EARNINGS

BRUCE ANDERSON (288)

A HIGH level of consumer spending has boosted Kersaf's earnings by 36% to 65,8c for the six months to December, a growth rate the group expects to sustain in the second half of the year in spite of an anticipated slowdown in economic activity.

KERSAF

Operating profit rose by 51% to R186,1m (R123,6m) and an interim dividend of 39c was declared — up 34% from 29c last year.

Turnover rose by 42% to R639,3m (R451m) with all operations in the group benefiting from a high level of consumer spending in the period under review.

However, gearing has risen sharply. Interest bearing debt of R222,7m (R122,5m) now represents 25% (15%) of shareholders' funds.

Kersaf's activities are focused on the leisure industry, and the group enjoys an especially strong position in the casino resort market in southern Africa through its subsidiary, Sun International.

Directors said Sun International, in particular, enjoyed favourable trading conditions and the group's resorts achieved an average occupancy of 72% — an increase on last year's 70%.

Revenues from both gaming and hotel activities were substantially up on the corresponding period last year. In addition, Kersaf's entertainment and leisure subsidiary, Interleisure, also posted satisfactory results for the period with a 27% increase in earnings.

Cape Times 27/2/89 (288) 209

Kersaf increase revenues by 42%

JOHANNESBURG. — The Kersaf group's revenues for the six months to December increased by 42% to R639,3m while the operating profit of R186,1m reflected an increase of 51% with an improvement in the operating margin percentage.

Earnings attributable to ordinary shareholders was 36% up at R49,3m resulting in earnings per share of 65,8c (48,5c).

An interim dividend of 39c (29c) has been declared.

The directors point out that all operations benefitted from the high level of consumer spending in the period. Sun International in particular enjoyed favourable trading conditions and the group's resorts achieved an average occupancy of 72% compared with 70% for the previous year.

Revenue from both gaming and hotel activites were substantially up on the corresponding period of the previous year.

The Interleisure group achieved satisfactory results for the period, with earnings of R13,9m reflecting an increase of 27% on the previous year.

In a statement issued by the company it says that it will protect its interests in the present investigations surrounding the granting of certain rights in the Transkei.

The company adds that should there be any reason to reduce the value of the investments these will be deemed to be an extraordinary item through the income statement with no taxation effect.

This will also apply to the present Umtata project shuld it not proceed or proceed in accordance with the original concept.

The company is confident that growth in the second half of the year will equal the first half notwithstanding the anticipated further slwdown in the economy.

The Landdrost — Southern Sun's new hotel in Bloemfontein

Tourism figures show rise in visitors from black Africa

The trend emerging from South African tourism figures is the increasing number of visitors from the rest of Africa.

Indications are that of the 750 000 visitors to South Africa annually, about 50 percent are from African states, compared with 30 percent from Europe and seven percent from North and South America.

Referring to the renewed buoyancy in the tourism business, Mr Louis Botha, Administrator of the Free State, said recently this was a "clear indication of the increasing potential of black tourism — a factor which has to be taken seriously".

OPERATON

Mr Bótha was opening the latest hotel operation of the Southern Sun group — the R30 million Landdrost in Bloemfontein.

In Cape Dutch theme and designed by architect JD Maresch, the 147 rooms and two presidential suites look onto an oasis-style courtyard.

An additional feature is the ease of movement in the interior of the hotel, the better to accommodate paraplegic guests.

1 1989

SMOKERS TO DINE OUT SEPARATELY

3/11/89 288

Own Correspondent

CAPE TOWN — A new bylaw forcing restaurants in Cape Town to demarcate at least 50% of their seating space as a non-smoking area was approved by a large majority at yesterday's city council meeting.

The bylaw was adopted by 25 to five. Those who voted against it included Mayor Peter Muller, Councillor Annamia can den Heever who confessed she was an addict and three councillors who smoke.

Amenities and health committee chairman Louis Kreiner, who is a reformed smoker, said he did not believe businesses would be harmed by the measure.

Councillor Arthur Wienburg said only 32,74% of Capetonians smoked, yet they were getting 50% of the space in restaurants, which he thought was very reasonable.

"We non-smokers have a right to breathe clean air and to seek the protection of the law against any commodity that is injurious to our health," Wienburg said.

Councillor John Sonnenberg said 29 000 people would die in SA this year as a result of smoking. This was equivalent to "a fully laden jumbo jet crashing with no survivors every five days".

"If this were the case, would you fly?" he asked.

F MELVILLE I

Wine row bubbles between hoteliers and KWV

1KWS
1/3/89

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By SHARON SOROUR
Staff Reporter

THE KWV and wine farmers have blamed the high mark-up on wines in hotels and restaurants on falling sales and virtual stagnation in the wine industry.

But Fedhasa has dismissed the allegation and blamed the overflow of wine in South Africa on over-production owing to guaranteed minimum prices.

Reacting to comments by KWV executive director Mr Kobus van Niekerk that wine farmers' share of income from wine production was falling steadily, Fedhasa executive director Mr Fred Thermann, said: "Our business is regulated by the public, which dictates pricing.

"KWV's criticism of efforts by its customers to sell wine has harmed the image of wine more than attempts by the hotel, restaurant and retail liquor industry to create a market niche for wine as an alternative beverage.

PROMOTE

"KWV has a duty to promote and market generic wine and not create an image of a prestigious product."

However owner of Simonsig wine estate and KWV director Mr Frans Malan said: "The stagnant wine industry has shown little or no growth in the past three to four years in spite of the population growth and an effort is being made by the Wine Foundation to market generic wine.

"However, restaurant and hotel mark-ups on beer are much lower than they are on wine and this leads to weaker wine consumption.

"A wine farmer gets 45 cents a bottle for standard wines and 57 cents for quality wines, and 30 percent of the crop is sold as standard wine. Wine that retails at R3 a bottle increases to R9 or more in restaurants," he said.

Peninsula restaurant owners said the mark-up on wine in the Cape was reasonable. It ranged from 50 percent to 250 percent, but averaged nearer 100 percent.

Restaurant owners felt wine prices should be kept low as it was to accompany good food and not restrict the sale to a privileged group.

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TOURISM 288 FMAC 3/3/89

Five-day wonders

Blacks have become a force to be reckoned with, in up-market hotels.

An SA Tourism Board (SATB) spokesman says hundreds of thousands of middle- and lower-middle income blacks have joined savings societies whose express aim is to send each member on an annual five-day holiday to a five-star hotel.

Says Alan Gooderson, chairman of the Durban branch of Fedhasa: "Without our black clients, we would probably have to go into another trade." Sources at Fedhasa and SATB put the potential market at a minimum 1,25m blacks.

SATB senior tourism co-ordinator Arnold Motsiri says he has surveyed 200 black society chairmen in the PWV area. "They all say their aim is to enable each member to spend five days and four nights a year at a five-star hotel."

Motsiri says by holding stokvels and gazis (a type of pay-and-braai party) costing R10 or more, together with monthly contributions, enough cash is collected to guarantee a minimum holiday allowance of R500 a member.

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"But these people have been saving for months and members usually have up to R1 000 to spend on their holidays."

The philosophy is that for five days in the year, blacks want to experience what Motsiri calls "the good life." Travelling soccer fans also fill hotels accommodating their teams, spilling over into adjacent hotels. Motsiri says the black shift to hotels has been helped by cheap transport provided by regular inter-city black taxis.

Fedhasa's Gooderson says average black occupancy of Durban hotels in the 1988-1989 season is up by as much as 30% on the previous year.

Black tourists now fill 3 500-4 000 beds that were once used by white holidaymakers who have opted for timeshare. Timeshare is also responsible for hotels' shrinking peak season over Christmas, adds Gooderson. ■

Hotellier with stars in his eyes

W/CARGUS 4/3/89 288

(From Page 1)

executive chairman Mr Otto Stehlik, is the longest serving director and he takes pride in the fact that 82 percent of Protea hotels are profitable today.

When Protea was founded in 1984 only 12 percent of its hotels were profitable. Turnover has increased from R22-million in 1984 to R132-million projected for this year.

Born in Zagreb, Yugoslavia, Mr Markovina comes from an artistic family. His father was the most famous puppeteer in that country, while he, himself is an accomplished musician, playing the flute and saxophone. It was this that prompted the young Markovina to join Hilton Hotels International as a musician.

In Cape Town he was a permanent member of the Gerry Bosman big band and has done many recordings for the SABC.

He came to South Africa in 1968 and started his hotel career as a receptionist at the Heerengracht.

He describes his years with Protea as immensely satisfying but says if he has one regret it is that he never had the opportunity of working in a small hotel where he could use his hotel and musical experience.

Mr Markovina is a multilinguist and apart from the Slavic languages, he speaks French, Spanish and Italian and has represented Protea in Latin Europe for the past seven years.

He married his wife, Pat, in 1972 while she was a secretary to the MD of the Heerengracht. They have two children a boy of eight and a girl of 11.

BUSINESSMAN OF THE WEEK

Hotellier with stars in his eyes

W/CARGUS 4/3/89 288

By TREVOR WALKER
Business Staff

PROTEA HOTELS

Miso Markovina . . . attention to detail.

PROTEA Hotels' regional director for the Cape, Mr Miso Markovina, has stars in his eyes, in fact the business of stars is his business.

Protea Hotels has had a remarkably successful business record since the present management team took over in 1984.

All the hotels in the group have been substantially redecorated and the quality of service greatly improved.

This attention to detail has led to practically all the hotels being granted a higher star rating.

No less than 18 stars have been awarded by the Tourism Board to the hotels that Mr Markovina controls.

He learnt only recently that the Ritz Protea in Sea Point, bankrupt three years ago when Protea took over, has been awarded four stars.

The Cedarberg Protea at Citrusdal, newly revamped at a cost of R700 000, has been awarded a second star and the Waterviel Protea at Kakamas three stars.

"It was tremendously satisfying for me as I firmly believe these hotels truly earned them."

Mr Markovia says he anticipates a further nine stars could be added to Cape region hotels, of which there are 18, by the end of the year.

In addition to the new Cedarberg Protea, the group has another new interest on the Cape west coast, the Marine Protea at Lamberts Bay, which is also being extensively upgraded.

"These hotels have enabled us to open a whole new route, one that has the potential to rival the Garden Route."

He points to the excellent climate, importance of the N7 route to Namibia, abundance of crayfish and other fish, veld flowers, the beauty of the Cedarberg and the Olifants River Valley as factors which are likley to lure visitors in the future.

He also expects Namibia to become a big drawcard once the political situation has eased and says that the three star Kalahari Sands Protea in Windhoek, another property under his control, is already experiencing an upsurge in occupancy.

Protea is leader in the field of hotel upgrading and refurbishing and all 187 bedrooms at the Kalahari Sands were recently renovated at a cost of around R1-million, by Plan One, a subsidiary company in the Protea group.

After four difficult years the hotel industry is experiencing one of its best summer seasons for many years.

Mr Markovina has just returned from a marketing trip to Italy and France and forecasts an "invasion" of Italians during the coming year.

Mr Markovina, apart from

(See Page 3)

Cape Times 4/3/88 288

Nellie's rumpled owner, James

NEW OWNER . . . Mr James Sherwood.

"THE Nellie," says the amiable innkeeper, "is in good hands."

Well, perhaps "innkeeper" is not the right term here, although James Sherwood so loves the Mount Nelson, that landmark and reminder of a gracious era, that one could be forgiven for the more hands-on description.

Sherwood, president of Sea Containers and chairman of the Venice-Simplon Orient Express Company, is the new owner of our pink dowager.

He describes his business as "shipping", and along the way, the acquisition of fine trains and fine hotels.

Colleague Roger Williams and I were waiting for him in the lounge of the Nellie, taking in the fresh flowers, the chintz and the comfort and speculating, as journalists will, about What Will Happen Next.

We were, quite frankly, expecting a hawk-eyed, expensively-tailored American executive, fidget-fingered and anxious to be on to the next Great Meeting.

Not James Sherwood. He looked slightly rumpled, well-fleshed and unhurried, although he surely must have been on the run all day on this flying visit.

DIANE CASSERE interviews people from all walks of life, people who are making headlines or quietly benefiting the lives of others.

Sartorial splendour is clearly not his priority.

And when he gives you his time, he does so with interest and concentration. He's a Kentucky Boy who studied economics at Yale and then entered the Korean War arena as a naval officer.

"I was assigned to the sea transport arm, where naturally I met a number of people in shipping and saw how the business was run. When I left the navy I was offered a job," Sherwood says in describing the beginnings of an empire.

He is and always was fascinated by shipping, calling it "the ultimate international business". His company has 56 ships in the fleet, 12 of which are containers.

"Whenever we came here we stayed at the Mount Nelson. I regard it as one of the great hotels of the world," says the man who knows his great hotels.

"The opportunity came to buy it, we were able to pay the asking price and the deal was finalised."

With his wife Shirley, a research biologist who now edits the Orient Express Magazine, he travels the world for six months of the year. Another favourite stop for the couple is Venice where they always stay at the grand Cipriani, one of the 10 best hotels in the world (consistently in the top three). They own it too. Relaxation is a sailboat on the Mediterranean.

What does he look for in a great hotel? "For the businessman, it should be comfortable, not too noisy and not over-commercialised.

"A hotel should seem like your own home, with a good standard of service and food."

We need not fear, the gracious columns at the top of the Gardens will not be tumbled, the reception rooms will not be interior-decorated in Edwardian horror-kitsch. The innkeeper loves the place — as it is.

● See Orient Express bid for the Blue Train, Top of the Times today.

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Court saves landlord

A SUPREME Court judge this week saved the landlord of the Ritz Plaza flats the embarrassment of having his tenants camp on the pavement outside the block by refusing an application to evict them.

Nearly 150 residents of the flats – at the corner of Johannesburg's King George and Plein streets – would have been affected by an eviction order.

The owners of Ritz Plaza are Berville Properties (Pty) Ltd – a company floated with a majority white shareholding – but, according to the anti-evictions organisation, Actstop, "for all intents and purposes", the actual owner is a Mr Daya – the proprietor of a bottle store on the pavement level of the building.

On Tuesday, Supreme Court Judge van Zyl decided not to issue an order of eviction against the tenants as sought by the landlord.

The judge noted that there appeared to be problems in the building. Many of the tenants had been staying there for a number of years and there was a shortage of accommodation for black people.

He took into account the possibility that the tenants could have a case against the landlord and refused to grant an order of eviction.

The judge gave counsel for the tenants, Jules Browde, until March 22 to submit an application after which a date will be set down for a hearing.

The tenants' battle started in August 1988 when the landlord allegedly entered into a verbal lease with them. Both parties accepted that the tenants would tender an agreed rental every month.

In return for this, the landlord would effect necessary repairs in the flats to be let and would maintain the building. The landlord also undertook to provide necessary services, such as operating and servicing elevators.

The tenants paid the rentals and thereby kept their side of the agreement. However, the landlord failed to maintain the building and provide necessary services.

Accordingly, the tenants decided that the rental of R225 a month (electricity excluded) for their one-roomed flats was excessive. They began paying R150 a month after investigating surrounding flats in similar condition to determine a fair rental.

Negotiations with the landlord eventually broke down when the latter allegedly refused to accept the reduced rental and issued written notices to the tenants to vacate by the end of December – a month after the notices.

The tenants refused to quit and were served with further notices that applications would be made in court for eviction orders.

Actstop warned just prior to the application that if evicted the tenants were determined to "camp on the street and the pavement" outside Ritz Plaza "as they have nowhere else to go".

Actstop public secretary Cas Coovadia said this week Judge van Zyl's decision "vindicates our stand against landlords who super-exploit black people and is a clear message to them." – Ano

Diplomats are no different

IF black diplomats from other countries were allowed to live in white areas there was no reason why black South Africans should not also live in white suburbs, PFP Member of Parliament for Sea Point, Colin Eglin, said this week.

He was addressing Parliament on a question by Willie Snyman (CP Pietersburg) who asked whether it was not possible to create special residential areas for black diplomatic staff.

Eglin said it was strange that when blacks lived in servants' quarters in white areas it was acceptable to the CP, but when they acquired some dignified status such as being diplomats, they were no longer allowed to do so.

The debate on whether black diplomats should be allowed to live in white areas appeared to be a competition between the CP and the government as to who had the more radical racial patterns.

"If black diplomats can live in white areas why the blazes can't black South African citizens."

In his question to the Foreign Affairs Minister, Pik Botha, Snyman asked whether it was not possible to create a special residential area for black diplomats.

Botha replied that there was not a country in the world that formally provided a separate residential enclave for diplomatic staff. There were residential areas set aside for diplomats in some cities but there was nothing to force people to live there if they did not wish to. The same applied in South Africa and foreign governments had the right to purchase land for their staff in any area they chose. – Sapa

The Ritz Plaza landlord was saved from facing a situation like this outside his building.

Safren steaming ahead

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Star 6/3/89

Finance Staff

All three of the major trading divisions did extremely well for Safmarine-Rennies (Safren) boosting the group's earnings per share for the six months to end-September by 39 percent to 172c. The interim dividend was lifted by 25 percent to 45c.

The shipping and transporting interests in Safmarine and Rennies were buoyant, largely as a result of the higher import and export volumes and the weakening rand and management estimates that their half-yearly contribution to the bottom-line was around R62 million. Safmarine and Rennies is now valued at about R540 million.

The remaining income was derived from Safren's 76 percent interest in Kersaf through which the group has access to Sun International's hotel and casino interests. Kersaf contributed R37,5 million or about 38 percent to Safren's profits.

Safren's turnover was 37 percent higher at R1,66 billion, while operating income was 56,5 percent higher at R289,2 million. But increased tax cutthe increase at the attributable level to 39 percent.

The directors said that all divisions of the group were performing well and expect the trend to continue.

Far North Tvl wants tourists (288)

By Dirk Nel, Star 6/3/89
Northern Transvaal Bureau

POTGIETERSRUS — A major thrust to market the tourist potential of the far-northern Transvaal has brought an encouraging response from travel agencies.

The secretary of the Northern Transvaal Tourism Association (Noordtratoer), Mr Fanie van der Walt, says 80 travel operators have accepted invitations to attend a tourism work shop and exhibition at the Park Hotel at Potgietersrus on March 10.

He added that, so far, 31 exhibitors would have stalls at the event — where resorts, towns, game lodges and other tourist attractions would be promoted.

The exhibition will be open to the public during the morning.

Further details are available from Mr van der Walt at Pietersburg (015231) 2011, extension 1111.

Safren benefits from all-round performance

288

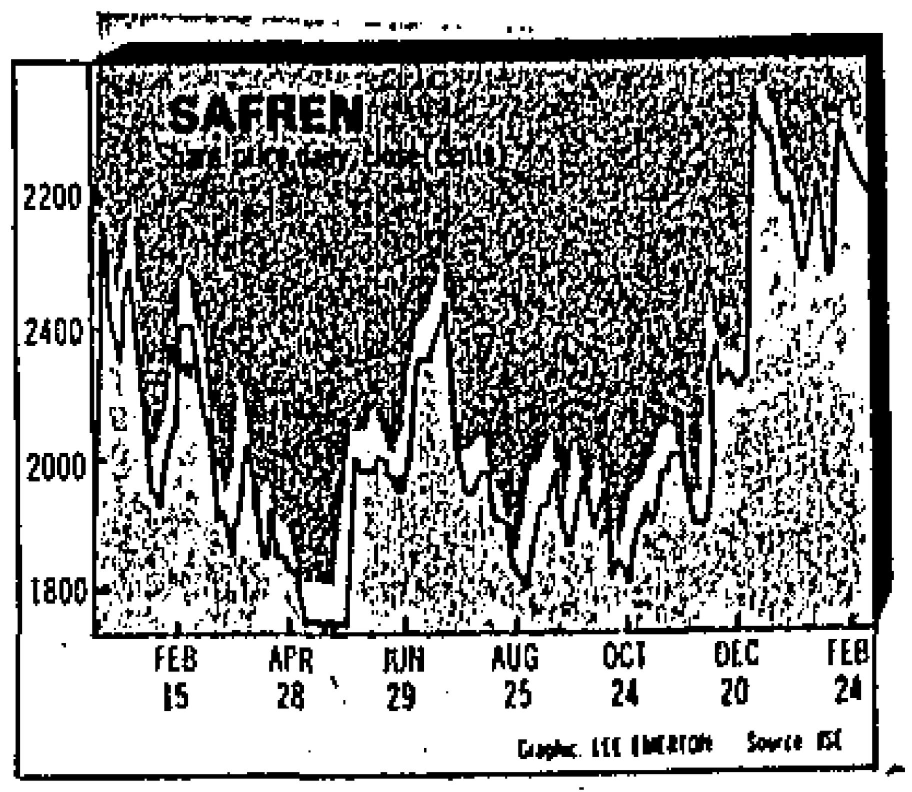
LIZ ROUSE

SAFREN posted a 39% rise in attributable interim earnings to 172c (124c) a share and lifted its interim dividend to 45c (36c).

Directors are satisfied with this advance, taking into account the tax rate rose to 34% from 23% in the previous half-year.

All divisions performed well in the six months to December and "satisfactory profits should be earned during the next six months".

The group's turnover increased by 37% to nearly R1,7bn (R1,2bn), while operating profits before depreciation advanced by 48,4% to R346,5m (R233,5m). Operating margins improved to 20,8% from 19,2%.



A healthy balance sheet reflects long-term borrowings reduced to R604m (R716,4m) and net interest charges were lower at R12,4m (R15,1m).

Both Safmarine, the shipping fleet, and Rennies, the clearing, forwarding and container division, had boom conditions as imports and exports flourished.

Kersaf (76% held by Safren) contributed a smaller percentage to Safren's attributable profit of R90,6m (R65,3m) before extraordinary items. The group's effective 32% investment in Transkei International Sun (Transun) contributed 9,8% to attributable profits.

Safren shares have held up well at R24 since the Transkei affair, but Kersaf shares have fallen to R13,10 (a large special bargain was transacted at R12,36 on Friday) from their year's high of R16,50, while Transun shares at 190c appear to be falling to their year's low of 160c.

Hotel occupancy rose slightly last year

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BRUCE ANDERSON

THE average room occupancy rate and the bed occupancy rate for SA hotels showed a slight increase between December 1987 and December 1988.

Recently released figures by the official Central Statistical Service (CSS) show that room occupancy rates increased by only 1,8% and the bed occupancy rate by only 2,1%.

The CSS says that one-star, two-star and four-star hotels reflected increases in room occupancy rates, with the relatively largest increase recorded by four-star hotels (15,4%) during the period under review.

The two-star and four-star hotels, however, reflected the highest average room occupancy rate, namely 57%, 10percentage points lower than the highest average of 67% in November 1988.

BD 14/3/89

When smoke gets in your rice

(2.88)

Cape Town's Medical Officer of Health, Dr Michael Popkiss, and tobacco baron Dr Anton Rupert are at loggerheads over plans to make the city a smokeless zone. How would Johannesburgers react? **SALLY SEALEY** reports.

When it comes to choosing between filling their mouths with a juicy steak or a smoky cigarette butt, some Johannesburg smokers say they would rather opt for the fag.

"If it comes to banning smoking in restaurants, I just won't go," said one determined smoker, who did not want to be named.

In a snap survey by The Star to test how smokers would react to a smoking ban in restaurants, responses varied.

Most, however, agreed that the best solution would be to divide restaurants into separate sections.

One restaurant we visited was divided — one section for smokers and one for non-smokers, although we found many a non-smoker dining with a smoker.

Diner Mr George Slabbert said: "I come from a smoking family, but prefer to sit in a section of the restaurant which is reserved for non-smokers. If this is not available, I don't mind sitting with smokers."

A travelling evangelist from Cape Town, Mr M Peffer, said he thought "non-smoking zones were the answer".

Mrs Joyce Ndlovu ... "smoking ruins my appetite — I prefer going to a restaurant where there is a choice".

Endangered species

Mrs Joyce Ndlovu, a nursing sister from Soweto, said smoking ruined her appetite. "I prefer going to restaurants where there is a choice."

Ardent smoker Mr T C Nel, who was sharing a table with his three non-smoking colleagues, said: "Smoking is a natural process. I love it and won't give it up. But if they ban smoking in restaurants and other public places as they already do in cinemas, it won't really bother me as I can go without for the duration of a movie or a meal."

Smokers are fast becoming an endangered species but two businessmen in a busy downtown restaurant said: "It is strange that nobody seems to complain half as much as when their director blows cigar smoke across the boardroom. It seems there is one rule for us cigarette smokers and another for them. I know smoking is bad for my health but that's my business and I should be given the choice."

Not all restaurant owners were keen on us disturbing their guests. "People come here to relax at lunchtime, they don't need to have their habits questioned," said the owner of one of the larger city restaurants.

Ardent smoker Mr T C Nel ... "a ban on smoking in public places won't really bother me".

New US interest in SA tours: Soweto seen as 'fascinating'

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MGU 22/3/89

From Ramsay Milne
The Argus Foreign Service

NEW YORK. — In what travel officials say is a strong resurgence of American interest in South Africa as one of the world's most attractive tourist countries, a major international travel company which specialises in innovative tours has added Soweto to its list of "fascinating places".

The company, Lindblad Tours, is advertising extensively in the US for a series of "Insight on Southern Africa" tours that will take American visitors on a "learning vacation" to Johannesburg (and through the "Black Door" to Soweto), Cape Town, Clanwilliam, Bird Island, Oudtshoorn, Prince Albert, Plettenberg Bay, Durban and Zululand.

Said a Lindblad spokesperson Mrs Marian Zagin: "We regard these tours as an educative process to teach Americans the real value of South Africa and its people and to counter the thoroughly erroneous impressions presented to Americans by the media."

Good response

The tour parties, she added, would meet and be addressed by six prominent South Africans, including Chief Mangosuthu Buthelezi, Dr Zac de Beer, leader of the Progressive Federal Party, and The Rev Allan Hendrickse, leader of the Labour Party.

So far, she said, the response to the Lindblad sales campaign had been "very good indeed."

Of the Johannesburg stopover, the Lindblad advertisement said: "The thrust of this tour is an introduction to South Africa via the 'Black Door'. Soweto is a city within a city and has a population of 1,5-million people that makes the 'City of Gold' look like its small sister.'

It described Johannesburg as a "bustling cosmopolitan city built on gold that is a far cry from the 'Darkest Africa' concept," and added: "The tour of Soweto will reveal that the population live and go about their everyday peaceful lives just as is done in every major city in the world."

Lindblad tours, noted for their originality, have included voyages to many of the world's most remote regions, including the Antarctic and exotic parts of the South Pacific and Asia.

Protea Hotels clinches an international tie-up

W/E ARGUS 25/3/89

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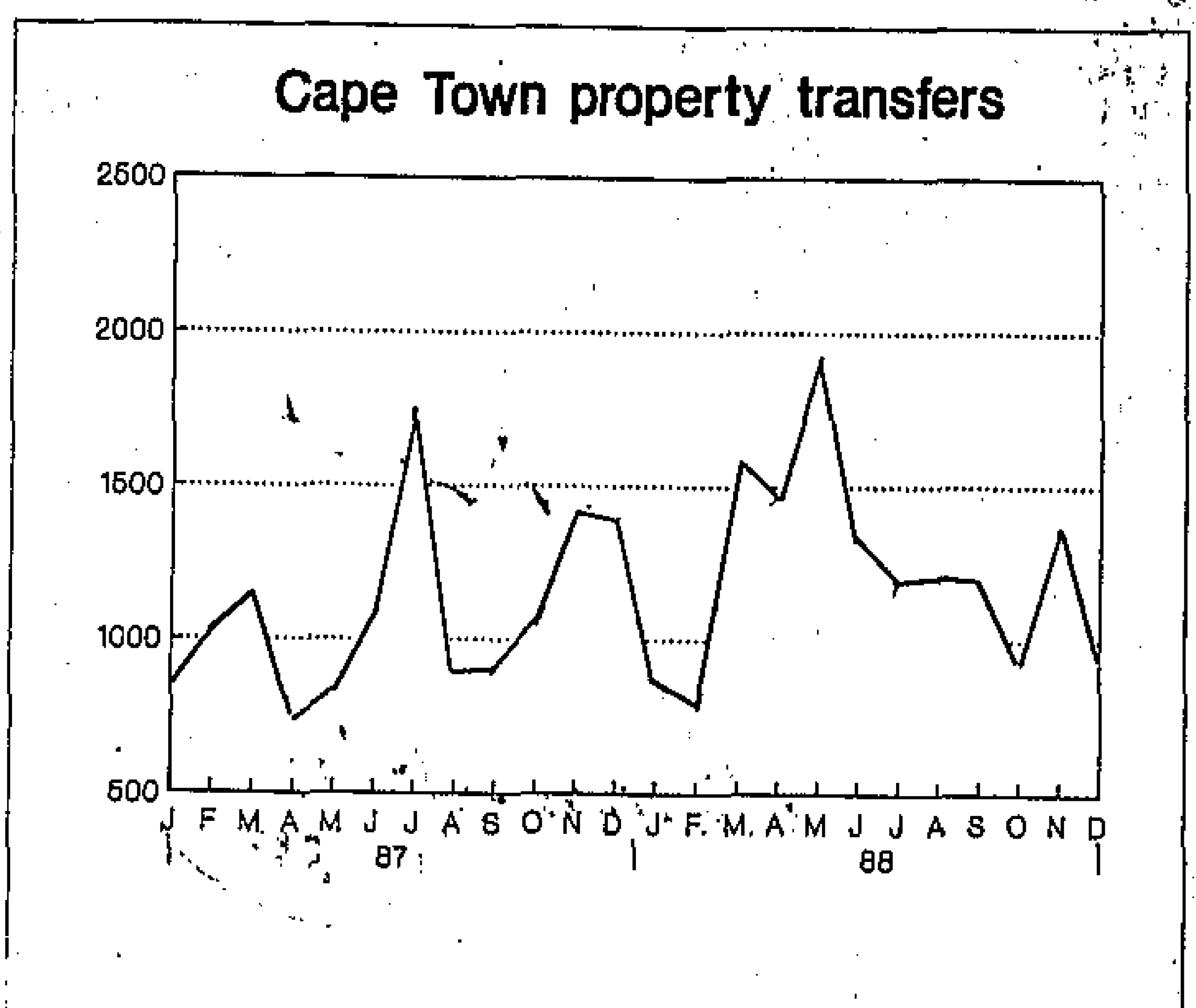

SALES UP: Almost 15 000 properties in Cape Town changed hands last year, up 13 percent on 1987's sales of 13 200. City Council records of monthly transactions indicate a substantial increase in prices with an average price of R67 500 for 1988, up 18,5 percent on 1987's average of R56 900.

From DAVID CUMMING

JOHANNESBURG. — Protea Hotels this week announced an international tie-up which will boost two-way tourism, provide the company with a ready source of skilled staff and enable it to send staff overseas for training, among other benefits.

It is a formal agreement of co-operation between Protea and Austrotel, a R100-million a year Austrian hotel chain which currently operates hotels in both Eastern and Western Europe and is seeking to expand into the world's major capitals.

And the beauty of the agreement, says Protea chief Otto Stehlik, is that no money changes hands.

"It is purely a formal agreement to co-operate in the fields of marketing, human resources and technology.

"There will, however, be direct financial benefits for Protea clients. Holders of our Prokard — there are 30 000 of them — will be in line for benefits such as discounts, automatic upgrading of accommodation and express check-in and check-out at Austrotel hotels," he said.

And Austrotel president Udo Chistee believes the arrangement will hold benefits for Austrotel clients as interest in travel to southern Africa grows.

By arranging their itineraries around the location of Protea's 50 hotels, they will be guaranteed a level of service and standards in advance.

"Central reservation systems of both groups are to be linked to other suitable international systems, sales teams will join forces and Protea management trainees, chefs and general staff will have the opportunity of furthering their experience abroad," Mr Stehlik said.

"Austrotel also operates one of Europe's largest personnel recruitment agencies which means that Protea will have access to the necessary expertise when required."

He said the two chains had similar operating methods, objectives and strategies, even though they were geographically remote.

Both saw major potential for business as the respective political climates in southern Africa and Eastern Europe improved.

Mr Chistee said he saw major opportunities for promoting his group's Marco Polo resort club to South Africans.

The club operates a series of family-oriented resorts in Turkey, Russia, Egypt, Cyprus and Austria. A feature of its operations is that the entire bill is paid in advance and guests are not required to pay extra for any activities or services.

Austrotel has 1 500 rooms under its management.

New sprint star is Boksburg's loss

By IVOR CREWS

A SHY 16-year-old coloured schoolgirl athlete — who is barred from competing in her own town because of petty apartheid — cocked a snook at politics this week and rewrote the record books.

Pretty Liezel Bell, a Std 8 pupil from the East Rand High School in Reiger Park, Boksburg, became the first black girl to win a Transvaal senior sprint title.

Exploding from her blocks, she demolished her senior opposition and hit the tape in an amazing 11,9 secs in the 100m in the Transvaal senior championships at Rand Afrikaans University.

Petty

Liezel cares not a jot for the Conservative Party ruling which prevents black athletes from using white municipal facilities in Boksburg.

She has never tried to compete in her home town or race at Boksburg's Prince George Park Stadium — because of her colour.

"I don't care about petty apartheid as long as I can run," reasons Liezel, who has crossed the great racial divide into Germiston and joined Germiston Callies where a person's skin colour is not an issue.

"Those politicians in Boksburg live in the dark ages but it is a different story in Germiston," snorted her mentor, Stephan Kotze, who coaches her at Callies and predicts she will have a big future.

Liezel Bell gets a word of advice from her coach Stephan Kotze Picture: KEVIN CARTER

"Liezel has made enormous progress considering she only started competing seriously late last year."

Liezel has become something of a celebrity at her school and in the Reiger Park community, says her proud father Godfrey, who attends all her meetings.

"She has a God-given gift to run as fast as the wind and everyone is excited by her performance."

Mr Bell said the whole family was "sports mad" and both he and his wife, Juliana, had been athletes in their heyday.

Liezel, a typical teenager, who has not allowed her newly won fame go to her head, shyly admits to having a boyfriend, enjoys swimming and pop music and intends going to university when she completes her schooling.

"I would like to get a degree in physical education, continue with my athletic career and become a Springbok."

So big an impact has she made in athletics that the SA Sugar Association has agreed to sponsor her.

Karos heads for JSE through New Bernica

S Times 26/3/89 (288)

By Udo Rypstra

KAROS Hotels Holdings is to be listed on the JSE.

It will do so through a reverse listing, using near-cash-shell New Bernica.

The Karos group owns 10 of the 11 hotel and timeshare resorts in its stable and will virtually be ungeared.

Current Karos shareholders, including joint managing directors Selwin Hurwitz and Stan Hoffmann, will remain in control of the new Karos Holdings (KHL).

New Bernica will acquire the entire issued share capital of Karos Hotel Holdings for R28-million from April 1 this year. Bernica is confident it will be a cash shell by then.

Combination

The price of R28-million will be settled by a combination of cash and the issue of shares in Bernica. Lifegro Assurance will retain its current shareholding, giving it a 23% stake in KHL.

Karos shareholders will acquire at least 47,7% of the issued share capital in Bernica-KHL. New shares will be allotted as fully paid at an issue price to be determined by Bernica's net asset value on March 31 this year. It is expected to be between R27,5-million and R30-million.

The Karos vendors will make an offer to Bernica minority holders for all or some of their shares for cash. The offer will also depend on Bernica's net asset value on March 31, but will not be less than 190c a share.

Potential

Bernica managing director Arnold Witkin says there were three qualifying contenders for the reverse takeover. Karos, with its growth potential and management expertise, was the best.

Momentum Life is backing the deal through subsidiary Lifegro. Momentum director Peter du Toit says: "We are not looking for a jobbing opportunity. The deal gives us properties, security in control and the will to develop."

The parties decline to comment on future earnings, saying they depend on the outcome of the conversion.

Bernica has sold its interest in Mercedes Holdings and is confident the sale of its stake in Mercantile Securities will be settled by March 31.

Karos's value of R28-million is based on R4,5-million in warranted taxed profits for the 13 months to March 31 and net asset value of R41,8-million. Momentum will put shares representing 10% of Bernica's issued capital into a voting pool with Karos's. Karos shareholders are expected to do the same.

Luxury

The Karos group, born of the merger of the Hoffmann family hotel interests and the old Karos Hotels in late 1987, recently embarked on a refurbishment and acquisition programme.

It bought the Mont-aux-Sources hotel-timeshare complex in 1987. It has spent R5-million on refurbishing the hotel and building 10 luxury timeshare mountain lodges.

Its latest business resort project is the R17-million Karos Kruger Hotel and Bush Lodge timeshare development on the Sabie River near Kruger Gate. It has spent R1-million on expanding its Wilderness Hotel. It plans to spend another R8-million on alterations to the Arthur's Seat Hotel in Cape Town.

A total of R2,6-million has been spent on the Safari Hotel, Rustenburg. The group is looking for hotel sites in Port Elizabeth and Durban.

Budding investors

THE JSE's Schools Investment Game attracted a record number of entries this year.

A total of 868 teams from 362 schools have entered. Each team has a hypothetical R20 000 to invest in units of 100 ordinary listings on the JSE. The team with the largest gain or smallest loss after seven months will be the winner.

The JSE will act as a central stockbroker and brokerage and tax will be charged at actual rates. Teams must have enough funds to pay for their orders, and may make changes each week.

Buying spree

SYFRETS member H Lewis-Trafalgar, the R60-million-a-year property group, is still on a shopping spree for blocks of flats it wants to convert to sectional title.

Group managing director Neville Schaefer believes the blocks of flats.

"We are looking for blocks in good middle- to upper-class areas which can be converted into flats and sold at reasonable prices, but which

‘Cheaper air fares will help tourism’

Cape Times 27/3/89

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By AUDREY D'ANGELO
Financial Editor

MORE charter flights and cheaper air fares are needed to build up this country's foreign tourist trade, Delano Caras, CE of the South African operation of international hotel consultants Horwath & Horwath, pointed out on a visit to Cape Town.

Caras said the South African hotel industry was no longer a "poor relation" in comparison to those overseas. Hotels and facilities were excellent and the exchange rate made prices a bargain for overseas visitors.

Yet, though 1988 had been regarded as a good year for foreign tourists when approximately 800 000 came to this country — a level last reached in 1984 — such numbers were insignificant compared with the 41 million who flocked to Spain every holiday season.

"I doubt if foreign visitors account for more than 10% of hotel guests in South Africa. This is far below international norms, where foreign visitors account for about half the occupancy rate."

Caras said that as long as South Africa had political stability, with no riots or disturbances to frighten foreign tourists away, the main obstacle to building up this market was the cost of getting here.

Tourists were always on the lookout for new destinations. But the high fares on regular scheduled flights deter people from coming to South Africa.

"Perhaps privatisation will result in real competition and lower fares to bring more tourists here with their foreign exchange."

The increasing number of affluent black people also offered a potentially huge market, but too few hoteliers were actively trying to get this business.

"One or two individual hotels have done an excellent job of tapping into the black yuppie market," Caras said.

Others should also gear themselves to it and go out to attract black custom, he said. So far too little research had been done to find out if black people on business trips or on holiday had different requirements than their white counterparts.

Caras said hoteliers in Namibia expected to have high occupancy rates during the transition period. Hotels in Cape Town might also benefit from extra business.

He thought the tourist industry in Namibia had tremendous potential and the country was under-supplied with hotels.

"Developers are going to wait to see what transpires there before they commit themselves. If there is stability there, and when they know what course Namibia is going to take, I think they will invest heavily.

"A lot of people will get into the tourist industry there."

Caras, formerly an executive director of Sun International, where he was responsibile for feasibility studies for new hotels, joined Horwath & Horwath in May last year. He is based in Johannesburg, but operations extend all over the country.

Horwath & Horwath brought out its 18th annual survey of the international hotel industry last year.

Karos Hotels to benefit from listing

288 BDay 28/3/89

BRUCE ANDERSON

THE cash benefits of the reverse listing of Karos Hotels Holdings on the JSE will enable the hotel chain to become far more aggressive in the marketplace, joint MD Stan Hoffman said yesterday.

Hoffman and joint MD Selwin Hurwitz will stay at the helm of the new Karos Hotels Limited (KHL) after its transmuted listing through the New Bernica cash shell.

"We've adjusted our management team for the growth phase we expect after the listing," Hoffman said yesterday.

In terms of the deal, Bernica will acquire for R28m the entire issued share capital of Karos Hotels Holdings from April 1. Bernica's directors expect it to be a cash shell by that date.

The R28m price will be made up of cash and the issue of shares in Bernica.

Application will be made for the transfer of Bernica's listing from the investment trust sector to the beverages, hotels and leisure sector.

Karos' controlling shareholders will hold at least 40,1% of the enlarged issue share capital of the company.

Hurwitz said yesterday that Karos was controlled by four family trusts — the Selwyn Hurwitz Trust, the Melament Family Trust, the Hoffman Family Trust and the Seve Family Trust.

● HURWITZ

In terms of the agreement Lifegro Assurance will retain its current shareholding leaving it with a 23% stake in KHL.

Bernica's net asset value on March 31 — expected to be between R27,5m and R30m — will determine the issue price of the new shares which will be alloted fully paid.

Karos vendors will make a cash offer to the minority shareholders of Bernica at a price dependent on Bernica's net asset value on March 31. The price will not be less than 190c a share. The shares were trading at 200c on Thursday.

Hoffman said yesterday that the listing would also enable Karos to continue with its organic expansion programme.

He said the group aimed to expand some of its existing hotels and time-share units.

There were plans to expand the Karos Wilderness hotel by 30 rooms and a number of executive suites while additional suites would be added to the Karos Safari hotel in Rustenburg.

Hoffman said Karos was also looking at sites in Port Elizabeth, Cape Town and Durban.

Karos to be listed in reverse takeover

Cape Times 28/3/89

2-88

By AUDREY D'ANGELO
Financial Editor

KAROS HOTELS HOLDINGS (PTY) is to be listed in the beverage, hotels and leisure sector of the Johannesburg Stock Exchange through a reverse takeover of New Bernica, which is being turned into a cash shell.

Lifegro, the present controlling shareholder of New Bernica, will retain its current shareholding, according to a statement issued yesterday.

It will put shares representing 10% of New Bernica's issued share capital after the acquisition into a voting pool with Karos' controlling shareholders.

The statement said the purchase consideration of R28m payable to the Karos vendors will be paid through a combination of cash and the issue of new shares in New Bernica.

The present Karos shareholders will acquire at least 47,7% of the issued share capital of New Bernica. The new shares will be allotted as fully paid at an issue price depending on New Bernica's net asset value on March 31, 1989, which will not be less than R27,5m.

The Karos vendors will make a cash offer to New Bernica minority shareholders for all or part of their shares. The price will depend on New Bernica's net asset value on March 31, but will not be less than 190c a share.

Karos, which has grown in 18 years from a single one-star hotel to a group of 10, mainly three-star hotels including the Arthur's Seat at Sea Point, is expanding.

It was founded by the current joint MD, Selwin Hurwitz, together with David Melamet and Ivan Sive, who will all continue to be major shareholders.

The other joint MD, Stan Hoffmann, merged his interests with Karos in 1987.

He and Hurwitz will continue to be joint MDs, according to yesterday's statement.

The statement said New Bernica had disposed of its interest in Mercedes Holdings (Pty) and negotiations were being finalized for the disposal of Mercantile Securities. The directors were confident that New Bernica would be a cash shell by March 31.

The deal is subject to the approval of New Bernica shareholders and the listing to the approval of the Johannesburg Stock Exchange. It is intended to change New Bernica's name to Karos Hotels Ltd.

Karos owns nine of the buildings from which its hotels are operated and these properties are included in the acquisition.

It also owns a 90 ha site bordering the Kruger Park where construction is due to start next month on a hotel and timeshare development to be named the Karos Kruger Lodge.

The group spent R16m last year on upgrading five of its hotels. More will be refurbished this year and new developments are planned in Port Elizabeth, Durban and Nelspruit.

Selwin Hurwitz said that the hotel industry had entered an exciting development stage after being in the doldrums for some time.

The Karos group was virtually free of debt.

"With Lifegro as significant shareholders and operating from a base of shareholders' funds of R70m and negligible liabilities our potential to grow is enormous.

"We intend to become a major force in the SA hotel industry."

Restaurants object to ban on smoking

Argus 29/3/89

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By ANTHONY DOMAN, Municipal Reporter

ALL but a handful of the Peninsula's restaurateurs have signed a petition "most vehemently" attacking Cape Town City Council's controversial moves to enforce non-smoking in restaurants.

A total of 307, including major fast food chains, have signed the petition, drawn up under the auspices of the Federated Hotel, Liquor and Catering Association of South Africa (Fedhasa).

Nine refused to sign.

The council has passed a by-law which will create compulsory no-smoking areas in restaurants. Objectors have until April 13 to lodge their views in writing.

Smoking is already banned in certain areas such as cinema auditoriums and the lower decks of buses.

The final decision on the by-law rests with the Provincial Administration.

The petition was delivered to the Mayor's Office today.

It calls for the retention of the existing rights of the hotelier or restaurateur and objects to the proposed by-law.

Members object to the infringement of their right to decide how to receive and accommodate clients in their businesses.

"We believe that there should be no further restrictions on the freedom of the individual," they say.

Poor impression

"We object to the fact that any client can call in the police to have an offending smoker arrested.

"We are most concerned about the poor impression it would make, in particular on foreign clients, if they were subjected to such treatment."

In a covering letter, Fedhasa's Western Cape chairman, Mr Angus Dodds, says the organisation objected "most vehemently".

It demanded that its members enjoy their rights as entrepreneurs "to run their businesses as they see fit, welcome whom they please, under conditions that satisfy their paying guests, not the local authority".

"How do you fulfil the role of mine host when you run the risk of a law enforcment officer being summoned to remove one of your guests?

"Surely there are more important functions for the police than policing smoking in restaurants?" he asks.

Tourism was Cape Town's most important revenue earner and job creator, according to Mr Dodds.

"Surely it would be suicidal to impede this by unilateral

(Turn to page 3, col 7)

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Smoking row

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regulations against the freedom of our guests to our city and area?"

All should be encouraged to move towards deregulation and towards respecting the free movement of people from all over the world.

"Cape Town has a proud history of playing host to the world, in the liberal traditions, well-known throughout the years," he says.

"This record should not be blemished under any circumstances."

● Details of the by-law are available for inspection during office hours at the amenities and health committee office, 5th floor, podium block, Cape Town civic centre.

Smoking or health: choice is ours

Capt Times 30/3/89 (228/...)

THIS article, jointly prepared by DEREK YACH of the National Council on Smoking and Health, RIKA DE RUITER of the Heart Foundation of Southern Africa and CARL ALBRECHT of the National Cancer Association, calls for support for Cape Town City Council in applying smoking controls.

THE World Health Organisation regards smoking as the single most preventable cause of death and disease globally. Since the 1960s, thousands of research reports have documented the direct and, more recently, indirect impact that smoking has on health.

The quality of research evidence is questioned by the tobacco industry, which often quotes outdated individual studies (or healthy smokers) as evidence that smoking and health are not related.

Researchers, however, assess causal relationships on the basis of three decades of consistent results obtained from the vast bulk of studies. These results have not been dislodged in the face of diversity of time, place, people and methods used.

Initially, studies relied on death certificates and people's history of smoking. The last decade has seen growing sophistication in the measurement of smoking and disease which has produced similar results to earlier studies.

Indirect effects

In South Africa, about a third of all deaths among whites are attributable to smoking-related diseases (mainly cardio vascular diseases, lung cancer and chronic lung disease), a quarter among Asians, an eighth among coloureds and a twentieth among blacks. The proportions among coloureds and blacks are likely to rapidly increase as childhood death rates decline.

Smoking causes indirect as well as direct effects. Studies have shown that babies born to smoking mothers are of lower birthweight. In addition, children of smoking parents have more respiratory disease. Non-smokers exposed to smokers' smoke have been shown to have increased risks of lung cancer. These findings mean that smoking can no longer be regarded as merely of nuisance value to non-smokers, who are forced into "passive smoking" in public places.

Smoking trends in South Africa indicate higher smoking rates among urban than rural people and higher male than female rates. The lowest smoking rates are found among the poorest sectors of the community. Increases in income tend to be associated with increases in smoking up to abouty R1 000 a month (1984 standards) or 8-10 years of schooling.

Further increases then tend to be associated with declines in smoking, probably because health education messages start to get through. Smoking rates among black men and boys are already as high as among whites and coloureds.

Given the current high levels and expected impact of smoking, public health professionals not only have a right, but an obligation, to take action.

An overall smoking policy should aim to prevent non-smokers starting (particularly children), protect the rights of non-smokers (including children and the unborn), help smokers to quit (and not victimise them) and, most importantly, create a social environment in which smoking is regarded as abnormal, just as spitting is today.

Social environment

Legislation at national and local level is needed to support these goals. The tobacco industry maintains that individuals are free to choose whether to start. However, the influences of unopposed advertising, peer pressure and physical addiction of the habit itself restrict absolute freedom. (Many heavy smokers, subject since childhood to these factors, cannot be held entirely responsible for their habit.)

Tobacco companies sell not only a product but an unhealthy, addictive lifestyle.

Legislation is particularly important with respect to banning advertising of tobacco products, and is supported by more than 30 countries globally as well as by the World Health Organisation. Current voluntary agreements in South Africa between the Government and the industry have failed to effectively restrict advertising.

The industry specifically aims at urbanising black and coloured communities through its emphasis on radio and billboard advertising and children (in spite of denials) through the support of cinema advertising and sports sponsorship.

Tax increase

Economic interventions at national level are urgently required. Recent overseas reviews have indicated that a 10% increase in the taxation on cigarettes would result in a decrease of 6% in consumption. In South Africa such price increases are particularly important as a means of deterring potential smokers.

We recommend a tax increase of 25% which would be translated into an increase of about 8-10% in the packet price. This is in sharp contrast to the 1,4% included in the 1989 Budget at a time when cigarettes are already underpriced relative to other products. The increased tax raised could be used to meet losses incurred by the media through a ban on advertising and to support sport.

The overall economic effects of smoking in South Africa have recently been reviewed. The analysis indicates that the economic benefits to the country from smoking are outweighed by the costs.

Fundamental curricular changes are required at school level to promote healthy lifestyles, of which not smoking would be one key component. Such strategies need to be given the highest priority and need to take place within a social environment that no longer supports smoking as socially desirable.

Rapid compliance

Mass media campaigns are effective not only in decreasing the proportion of smokers but in supporting non-smokers and ex-smokers. In this context, legislation aimed at restricting smoking in restaurants and public places is critical in raising the level of public awareness that the dangers of smoking are more than simply a nuisance.

Legislation which banned smoking in public places in New York City more than a year ago resulted in rapid city-wide compliance and support.

A smoking policy must be applied at a national and city level. Cape Town needs to set clear targets that can realistically be achieved. A target of a smoking rate of no more than 15% of the population by 2000 is realistic, provided policymakers are able to act in the best interest of the future public health of the city.

Cape Town has already taken the lead and the city council should be supported in its attempts to move faster and more boldly along this road. Private corporations in the city, insurance agencies, Groote Schuur Hospital and the UCT Medical School have all recently instituted smoking control policies.

In the end the issue of smoking and health will not be settled by statistics but by political decisions at local and national level. These decisions should and could be influenced by public comment.

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Smoking: restaurants square up

By PETER DENNEHY
Municipal Reporter

CAPE TOWN'S Medical Officer of Health, Dr Michael Popkiss, yesterday produced statistics of his own to counter Fedhasa's 307-signature anti-smoking-regulation petition from restaurateurs.

Three office-bearers of the Federated Hotel, Liquor and Catering Association of SA (Fedhasa) — who happened to be non-smokers — went to see the Mayor of Cape Town, Mr Peter Muller, yesterday morning with a petition objecting to the city council's proposed by-law on smoking in restaurants.

In terms of the by-law, which has not yet come into operation, restaurateurs would have to demarcate at least 50% of their seating space as non-smoking areas.

Messrs Arnold Brock (regional director), Angus Dodds (Western Cape chairman) and Ian Rubin (vice-chairman) said they were not interested in the pros and cons of smoking, but wanted restaurateurs to "retain the right to run their businesses as they saw fit".

The 307 signatures they collected were from establishments ranging from the Harbour Café to Rosenfontein Restaurant. Only nine restaurateurs they approached had refused to sign, they said.

But Dr Popkiss replied yesterday that a survey his health inspectors had carried out showed that two out of three restaurateurs wanted some sort of restrictions on smoking.

The survey had involved more than 380 restaurants, all of which were in the municipal area of Cape Town — unlike the Fedhasa survey, which included restaurants in neighbouring municipalities, he said.

The vast majority of the Fedhasa signatories were from restaurants in Cape Town municipal area but a few were from Goodwood and one was in Constantia. Mr Dodds said the signatures had been collected in four days.

Mr Brock said it was very difficult to estimate how many restaurants there were altogether in Cape Town, but he believed there were 250 which had liquor licences.

Dr Popkiss's survey "put words in people's mouths", and was unfair because it was conducted by health inspectors, Mr Brock claimed.

Dr Popkiss replied by calling for the survey to be published, so that "the people can judge". One of the questions was: "Do you see the following as advantages . . . were smoking to be prohibited in all restaurants at all times . . . less damage to tablecloths and furniture (Yes/No), less fire risk (Yes/No), etc.

Villain

The health inspectors had not been there to enforce anything, he said.

Dr Popkiss said he was being cast unfairly as a villain "who says little Johnny must be whipped and punished for smoking".

In fact, he said, he had never supported the suggestion that a minimum of 50% of restaurant space should be demarcated as non-smoking areas, although he did believe in demarcation.

"Let the people decide," he said. "It is my task only to present the facts."

The Mayor, Mr Muller, "a non-smoker with no axe to grind", said yesterday that Dr Anton Rupert had indicated to him that he would appeal to the Administrator if the city council went ahead with the by-law.

Another comprehensive debate on smoking is expected to be held at the city council monthly meeting today.

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Rygersdal Club may mix membership

By PETER DENNEHY and DI CAELERS

THE management of Rygersdal Sports Club in Rondebosch, which is run by the whites-only South African Association of Municipal Employees (SAAME), shot itself through the foot yesterday.

At the monthly City Council meeting Mr Arthur Wienburg, for Rondebosch, read out a document that had been leaked to him from a Rygersdal sub-committee, concerning the introduction of coloured members to the club.

"Increasing pressure is being brought to bear on our cricket and rugby clubs (to admit members who are not white)," he read.

The sub-committee went on to add that a few selected new (coloured) members should be admitted, but they could pay lesser membership fees because they would not have access to all the facilities.

Club chairman Mr Fred Hoffman last night denied any knowledge of the document or the council incident, but confirmed that the club had no coloured members.

He said the club constitution did not preclude coloured membership, but that he had set up a sub-committee to investigate the entire issue.

"I cannot say at this stage when they will come back to me with their findings. They're dealing with an explosive issue and it is imperative they do all their homework."

Yesterday's situation arose when the club applied for an exemption from rates for a new building it had erected on the premises it leases from the council.

"I find it totally unpalatable that we should exempt this club from rates," Mr Wienburg said.

He had written to the club and got a very cordial letter in reply, saying that his questions about the attitude of the club could not be answered at this stage.

Mr Richard Friedlander, the chairman of the executive committee, said the council had a clear policy that grants would not be made to bodies that were not open to all.

However, exemptions from rates were a different matter. If the club were privately owned, it would automatically qualify for the exemption, he said.

He believed it would be wrong to deny them the exemption, particularly since they "seemed to be making some progress".

However, Mr Frank van der Velde slated the club's actions as "tokenism". It was unacceptable that they should allow coloured people access to the sportsman's bar but not to other bars in the complex, he said.

Mr Hoffman said coloured members of visiting teams were always cordially treated at Rygersdal and that all guests, regardless of colour, were always entertained in the sportsman's bar.

Every councillor in the room yesterday, except Mr Friedlander, voted in favour of Mr Wienburg's amendment which temporarily denied the club its exemption from rates.

Namibia also on the cards

Protea Hotels bound for Mozambique?

CAPE TIMES 5/4/89

By AUDREY D'ANGELO
Financial Editor

CAPE Town-based Protea Hotels is likely to play a leading part in reviving Mozambique's dormant tourist trade. Chairman Otto Stehlik disclosed yesterday that he has been involved in discussions with senior officials of the Mozambican government.

Matters discussed have included the need to train Mozambican hotel staff, which could be done by Protea in SA and at Pigg's Peak in Swaziland.

"There is no tourist infrastructure in Mozambique at the moment — it will have to be rebuilt," said Stehlik. "But tremendous efforts are being made with the help of the Mozambican government, various European governments and the SA government and I believe that Mozambique could be ready for tourists again within a year.

"I hope our group will be involved because we have so much to contribute. It is such an attractive place — even now I can see its potential — and it needs a hotel management group.

"We have various projects we are investigating with senior officials of the Mozambican government."

The group is also preparing to expand in Namibia once a political settlement has been reached. Stehlik believes the country has tremendous potential for tourism.

At present, because of all the activity to do with independence, accommodation in Windhoek is at a premium. The Kalahari Sands Hotel, managed by Protea, has doubled its turnover in the past six months.

"We are interested in doing more in Namibia," said Stehlik. "But the difficulty is to get things to fall into place. We do not know, at this stage, who will be in authority."

Meanwhile the group has strengthened its links with Europe — where it has offices in London and Germany and representation in Bucharest and Zagreb — through a connection with the Austrotel group.

Based in Austria, the Austrotel chain has hotels in Germany, Italy, Greece and Hungary and has started a new resort chain, Marco Polo.

This already has resorts in Kitzbuhel, Turkey and in Russia, near Leningrad. Stehlik hopes one will be started in SA "we already have the franchise."

About 14% of the Protea chain's business comes from overseas tourism, compared with an average of 10% for the SA tourist industry as a whole, and Stehlik hopes to increase this to more than 20%.

To help achieve this he hopes to persuade racing driver Nicky Lauda, who heads one of the largest air charter services in Europe, to organize flights to SA. "This country is now open to charter flights and Lauda is a senior associate of Austrotel."

Business Report

professional photographers — says: "Photography is an industry that can survive only on imports.

"It costs R100 000 for someone to set himself up as a wedding photographer and R200 000 as an advertising photographer. A few years ago, R30 000 would have sufficed."

Stayne says top-of-the-range cameras are still selling reasonably well. "Professionals still need them and must buy them, wealthy amateurs can still afford them. The casualties are middle-priced products bought as presents and second cameras." ■

INTERNATIONAL TOURISM 288

FM 14/4/89

Resorting to Europe

The establishment of a formal co-operation agreement between SA's Protea Hotels group (PH) and the Austrian-based Austrotel group, may enable PH to expand into Africa.

It could also ease SA tourists' access to destinations behind the Iron Curtain where Austrotel has hotels and resorts.

Otto Stehlik, executive chairman of PH holding company Protea Hospitality Corp, says the agreement, signed last month, centres on marketing, human resources development and technology and has no direct financial aspect.

However, he believes the tie-up will help PH increase its percentage of foreign guests from the current 14% to at least 20% in the coming year. If this is achieved, the financial

Stehlik ... broadening Protea's horizons 288

benefit could be considerable. PH expects group turnover to be about R150m.

Like PH, Austrotel is primarily a hotel management operation and has 10 hotels and resorts in eastern and western Europe. The group is expanding rapidly and expects to be operating in 20 centres across Europe by the end of the year. PH has 50 hotels and resorts in SA, Namibia, Transkei, Ciskei and Swaziland and plans to expand into other parts of Africa.

Under the agreement, the two groups will actively market each other's hotels and resorts and reciprocate the benefits of special deals such as PH's Prokard. There will also be an exchange of staff to promote training and international experience.

Stehlik won't be drawn on the issue, but it seems political sensitivity in parts of Africa over dealing with SA-based companies may be eased if PH can use Austrotel as the vehicle for establishing hotels and resorts in southern and central Africa, where the potential is considerable.

Though the formal agreements would be with Austrotel, for all practical purposes the operations would be run by PH.

Stehlik says while SA passport-holders are still not generally welcome in Iron Curtain countries, PH's link with Austrotel should help South Africans visit countries where the Austrian group operates. By the end of the coming year, these will include Hungary, Poland, Yugoslavia and the Soviet Union.

Austrotel executives were in SA last month to conclude the deal. Stehlik says the group's president, Udo Christee, was initially apprehensive about a formal agreement with a SA company. But after touring the country for two weeks, he was so impressed by the tourism potential and standard of local hotels, his earlier concerns evaporated. ■

SURFACES

A Dutch shipping operator, Rederij de Nieuwe Waterweg, has bought Koala Line from its Lebanese founders, Chader and Asseilly, for US\$2m. Koala's German agent in Hamburg, Arnold Peters, has become a partner in the venture.

In addition, the line will carry cargoes to and from Europe along Africa's east coast because there is not enough business in the Durban-Australia service alone.

The Dutch owners plan to replace the *Watergeus* and *Arko Glory*, which have been working the route for Koala, with bigger, more cost-effective carriers. Although the vessels were often full, they were considered too small to make a profit at the rates charged.

Political factors have embarrassed sea trade with Australia more than on any other SA route. But for operators prepared to suffer slow turn-around times in Australian ports, there is scope for important business.

Seemingly endless industrial action in Australian ports now causes delays to ships of most flags.

Tourism gets welcome boost

Star 14/4/89 (288)

Not all of the CSS releases deal with the manufacturing sector. One shows that tourist industry is also experiencing a welcome spell of prosperity.

In January this year 126 198 bednights were sold to foreign tourists. This was 23,3 percent increase on the December figure of 102 416 and 34,6 percent higher than the January, 1988 figure of 93 735.

The biggest group of visitors were from Britain (26,1 percent) followed by Germany (20,7 percent). South Africa is also starting to attract tourists from France and they accounted for 4,2 percent of the visitors in January against 3,8 percent a year earlier.

Of some interest is that Johannesburg sold more bednights to foreign tourists in January than did any other centre. Johannesburg accounted for 26,3 prcent of the business while the Cape Penisula had 23,5 percent and Durban 13,3 percent.

The pre-eminence of Johannesburg probably reflects the growth of package tours and the fact that they start and finish in this centre.

However, while the big increase in the figures for bednights sold is encouraging, it is a little depressing to analyse them and discover they represent a an average of just over 4 000 foreign tourists a day in this country.

This figure is puny when compared with the number of tourists visiting major holiday centres overseas and indicates how great is the tourist industry's potential.

On the other hand, with the Cape hotels apparently operating at full capacity in January, it is a moot point whether the industry could handle a major increase in foreign tourism in the peak periods.

'Govt curbs to blame for wine prices'

(288)

S/Star 17/4/87

By Helen Grange

The massive surplus in the Western Cape's distilling wine pool is largely a result of unrealistic prices set by monopolistic wholesalers as well as Government restrictions on marketing.

This is the view of Mr Brian Sacks, Checkers grocery merchandise director, who pointed out that in terms of Government restrictions, only 36 of Checker's 170 stores countrywide were premitted liquor licences.

"We believe that if food giants were allowed to sell wine in more of their outlets they could greatly assist in selling off KWV's wine excesses," he said.

However, this view has been disputed by the executive director of the Federated Hotel, Liquor and Catering Association of SA (Fedhasa), Mr Fred Thermann, who says that issuing more liquor licences to grocers would merely shift established trade from liquor stores to food outlets. "It would not increase consumption," he said.

Mr Sacks replies that selling wine in food outlets would attract a different market to that of liquor stores.

"Selling liquor in supermarkets would expose wine to consumers who, under normal circumstances, would not be exposed to wine. The average housewife for instance does not usually go to a liquor store.

Mr Sacks added that the monopolistic situation which existed in the wine wholesale industry wass "not conducive to competitive pricing".

Mr Trevor Pearman, managing director of Rebel Liquor Stores, says that high wholesale prices on wine had the effect of outpricing itself against cheaper liquors.

"The biggest problem lies with low quality wine which is affected by increasing beer consumption. High quality wine appeals to the white high income group, but there is not enough emphasis placed on marketing low quality wine," he said.

KWV's distilling wine pool is well over 42 percent in excess of demand after the wine industry experienced its third largest crop in its history last year.

COMPANIES

Sol Kerzner's name pulls in the investors

BRUCE ANDERSON 288

THE pulling power of Sol Kerzner and the apparently limitless success of Sun City and other casinos in the Sunbop stable lie behind the rapid climb of the Sunbop share price since early February, say market sources.

Sunbop recently said Kerzner would remain as a director in spite of having tendered his resignation in February.

Market sources reported much of the buying has been motivated by the fact that Kerzner will remain on the board. Sunbop shares stalled at around 740c in February, but touched a peak of R12 last week before easing slightly to R11,50. BDay 17/4/89

However, the continued success of Sunbop's gaming operations played an equally important role in the rise of the share price, said analysts.

"Sunbop's margin is just over 30% which is very high, especially with the infrastructure behind Sun City, much of which does not contribute directly to profit," an analyst added.

Casino earnings at other group casinos, which carried less infrastructure, were also very high, said analysts.

Most analysts warned that it would not be necessary to downrate Sunbop's share in the wake of the controversy because of evidence before the Harms Commission of a R2m bribe paid to Chief George Matanzima.

CATE[illegible]

Privatisation will be beneficial

BDay 18/4/89 (288)

PRIVATISATION of public-sector catering services, which have an estimated annual food cost approaching R1bn, offers enormous benefits for both sides, say spokesmen for the "Big Three" catering companies.

But, they say progress in most parts of SA is either non-existent or it is occurring at a snail's pace.

This is not the case, however, in places such as Namibia, KwaZulu and Transkei. These territories are showing the way with imaginative privatisation projects. The House of Representatives, too, has a privatisation programme under way in Mitchell's Plain.

In Namibia, Hospitality — a member of the Premier group — has won a contract to supply more than ten-million meals a year to 23 Herero schools, says MD Rob Knuppe.

Fedics, SA's biggest catering group, is preparing almost 7 000 meals a day for 1 800 patients and 1 000 staff at the Windhoek State Hospital complex, says Rudi Faulhammer, marketing director, Fedics Food Services.

Supervision Food Services (SFS), which feeds up to 4 000 people a day at the University of Umtata, has now been awarded the Umtata General Hospital catering contract, says MD Nigel Dunlop.

A catering venture has also been established in KwaZulu between SFS (part of the Tongaat-Hulett group) and Khulani Holdings. SFS ceded its contracts at 23 schools and hospitals, which will now be fed through Khulani Catering Services.

Dunlop says the idea is to create jobs, encourage investment and develop black catering and management expertise in KwaZulu. Profits from the joint venture will be ploughed back into the local economy.

The Fedics hospital contract in Windhoek is one of the biggest yet negotiated in southern Africa, says Faulhammer. It involves not only meals for the hospital but the Katatura and Keetmanshoop hospitals as well.

Last month, an a la carte restaurant called the Knightsbridge and a "trendy" take-away were opened at the Windhoek hospital.

He says the concept of private restaurants in hospitals has caught on "in a big way" in the US. "Some American hospitals now earn as much from catering as from medical services."

SFS is feeding about 2 000 staff and patients through a House of Representatives programme at Lentegeur Hospital in Mitchell's Plain. Dunlop says it is hoped this service can, in time, be considerably expanded to cater for other hospitals and schools in the vicinity.

Knuppe says Hospitality, which this month expects to sign its 100th catering contract, sees privatisation as a situation where everybody wins. It puts catering in the hands of experts and leaves the institutions to get on with what they do best.

A headache for many institutions has always been to ensure that food meant for the table does not go out the back door. "Monitoring that sort of thing is part of our job, and we have successfully handled risk management contracts where the client gives a fixed price a person a day for meals — and we have to make it pay."

Probably the most frustrating aspect of privatisation in SA, says Fedics, is the various levels of bureaucracy involved in decision-making. "We understand that any privatistion of catering services in government and own affairs departments will have to be approved by the Commission for Administration, besides other bodies such as the State Tender Board, the SADF Defence Council and the Health Matters Advisory Committee."

The group urges appointment of "credible" consultants or advisors to assist the commission and other official bodies, which have neither the expertise nor the resources to make "professionally acceptable" recommendations on catering matters. Some officials, particularly in the Department of Health, were anti-privatisation. Top consultants would identify misleading or inaccurate information.

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Foreign tourists look set to spend about R1,4bn in SA this year

BRUCE ANDERSON

SA'S foreign exchange earnings from foreign tourists this year should be about R1,4bn — up from R1,1bn last year, SA Tourism Board (Satour) executive director Spencer Thomas said yesterday.

He said the tourism industry had recovered so rapidly from the doldrums of 1985 and 1986 that the biggest problem facing it was the pressure on existing infrastructure during the high season.

This week, about 500 overseas travel agents were in the country for the Indaba/Focus exposition at the Nasrec centre near Johannesburg.

SA travel options had been presented in 260 stands where overseas tour operators negotiated prices and package deals with their local counterparts.

Thomas said it was difficult to reach a rough estimate for the amount of business the industry did during the annual conference, although it represented the largest market place available to the tourism industry.

"Any overseas operator who has any interest in SA is here and the amount of business done is substantial."

Popular destinations, such as Cape Town, were now packed to capacity during the European winter.

Thomas said most of the projections done on the growth of the travel market in the near future showed a massive demand on facilities.

Sources said two challenges faced the industry:

- The rapid expansion of the more popular SA travel destinations and development of the infrastructure;
- Selling what overseas tourists perceived as the "off-season" for travel in SA.

Expansion and development were seen as the most pressing needs, while boosting the number of foreign tourists in the off-season was regarded as essential to the long-term expansion of the industry.

Satour chairman Danie Hough said this week a record 804 985 foreign visitors arrived in SA last year, an increase of 14% on 1987. Europe provided nearly 275 000 visitors — an increase of 16% on 1987.

He said there were also encouraging signs that tourists from the North American market were rapidly returning to SA.

Satour had set, as its target for 1989, a 12% increase in foreign visitors, with an average annual increase thereafter of 8,5%.

If this growth rate could be mantained, it would mean two-million foreign arrivals by 1999.

Hospitality boom

18 Day 18/4/89

(288)

TWO leisure-related booms are taking place in the affluent world, says David Wigley, president of the Federated Hotel, Liquor and Catering Association (Fedhasa). These booms are in tourism and eating out.

The SA hotel, restaurant and catering industries have made a good start in trying to accommodate these trends. In the past decade there has been an encouraging increase in tourist hotels and up-market restaurants. Fast food chains and independents have mushroomed.

The potential over the next decade is going to be even greater, and the hospitality industry will have to accelerate training and development programmes to meet the challenge.

The scope, he says, is illustrated by the fact that SA attracts about 100 000 overseas tourists annually, compared with 260 000 a year who visit Mauritius.

Wigley warns that sophisticated foreign travellers, and particularly tourists on repeat visits, are looking for something unique. "Johannesburgs, Durbans and Cape Towns are not unique; you will find similar cities virtually all over the world. Even our sunshine is not unique.

"But we do have two special features — our wide-open country and our wild animals." Wildlife is already one of SA's most important resources, and an economic catastrophe will ensue if it is allowed to diminish or is destroyed. But if strong steps are taken to protect it, it will become a priceless asset.

□ DAVID WIGLEY

One of SA's drawbacks has been a shortage of luxury facilities in rural areas.

This view is supported by Sun International MD Ken Rosevear, who said at the recent Hostex '89 exhibition that tourists now prefer shorter, higher quality vacations with "premium experiences."

An exciting development, notes Wigley, is the number of Taiwanese who now have the disposable income and desire to visit SA.

The skills shortage remains a big problem. The industry is labour intensive and employs a high proportion of unskilled and semi-skilled people.

"No industry will grow successfully unless there are enough trained people at senior and middle management levels." Training institutions were only putting out about 200 potential managers a year.

To satisfy demand, the number of graduates will have to accelerate to at least 1 000 in the next two to three years and reach 3 000 a year by 1995/6.

In the past, the industry relied heavily on expatriate skills — "and still does for kitchen skills". The snag is that traditional supplier countries like the UK and Germany are now rather short themselves.

"A feature of successful tourism development in any country you can think of is that hotels and the rest of their infrastructures were built through government grant schemes. Our government has done the opposite by cutting down on investment allowances for new hotels."

In a good year, he notes, tourism earns more foreign exchange and creates more employment than any sector outside mining.

convenience" store" banner. ... will apply to appearance, display, pricing and other matters.

Hostex proves popular

B Day 18/4/89 (288)

HOSTEX '89, the four-day hospitality industry show held at the National Exhibition Centre recently, was attended by 6 000 members of the trade.

The show, presented by Professional Caterer and Cannon Exhibitions, drew 140 exhibitors in the fields of hospitality industry products, equipment and services. It was supported by Fedhasa, the SA Chefs Association and the Hotel and Catering Training Council.

Exhibition organiser Gerald Dreyer said feedback had been overwhelmingly positive. One furniture manufacturer reported writing R100 000 worth of business at the show.

He said all but one respondent to a questionnaire that drew an 80% response indicated they would like to take part in the next show, Hostex '91.

'Wine lake' due to price policy

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THE wine "lake" that is building up in SA is partly the result of over-production caused by guaranteed minimum prices to producers, says Fedhasa executive director Fred Thermann.

He rejects wine industry claims that high prices in restaurants are behind poor wine sales. At the root of the problem, he believes, are the industry's minimum price policy and its failure to mount an imaginative marketing campaign.

"To appreciate what can be achieved," he says, "one only has to look at the phenomenal success of Appletiser, which captured the public imagination through creative marketing at a time when most competitors in the apple juice market were failing."

Wine farmers, notes Thermann, receive a floor price of between R1 500 and R1 800 a ton on certain premium wines compared with R600 to R900 in 1985. It is these premium wines, representing about three percent of the market, that are principally sold in hotels and restaurants and not the low priced wines which present the surplus and the problem.

Wine production in 1988 amounted to 174,6m-*l*. Fedhasa, he says, has no quarrel with wine farmers, who deserve prices of this magnitude for a product that compares with the best in the world. "We also understand the wine farmers' problems with increased costs.

"What we do have a problem with is the KWV's attacks on a part of the industry which represents a small part of total wine sales.

Only 298 restaurants hold full liquor licences, he says. Another 1 342 have wine and malt licences. "Wine's only competition in those establishments is beer and non-alcoholic beverages."

"It seems the KWV and the wine farmers need reminding that restaurants today will make net returns of between 5% and 7% on sales. Those that are less professionally run will make even less, break even or even go out of business.

"Naturally it is a question of what the market will accept and it would be foolish to price oneself out of the market."

Restaurant prices in SA have remained "ridiculously cheap" by world standards, and South Africans can buy the best wines for prices which are "laughable" compared with similar overseas establishments.

He defends wine mark-ups of 200% in five-star restaurants and 100% to 120% in one-star restaurants on grounds that overall running costs are high. "Fedhasa calculates that restaurant 'on-costs' such as rent, labour, power and equipment have increased faster than the consumer price index."

Food costs have also risen dramatically. Five years ago a restaurant worked on a food cost factor of 36% of sales.

"Today it is closer to 50%," he says.

For almost a decade restaurant margins — unlike other sectors of the economy — have not kept up with inflation.

"Had prices moved in line with car prices, for example, a steak would be costing R30,00, a luxury fish item R40,00 and an average bottle of red wine R25,00. Instead, restaurants have absorbed costs to the point where they are at best making a small profit.

THREE Middle Eastern delicacies — tahina, halva and Turkish delight — are now being made by Aviv Food Processors at a factory just north of Pretoria.

MD Brian Nathan says some 60% of output is exported, mainly to Britain. Most of the balance goes to the catering industry, supermarkets and health shops in SA.

Investment in the plant, which employes 108 people

PROCESSING

Making cafes much more competitive

B/Day. 18/4/89 (288)

AN alliance formed to make cafes more competitive by increasing their bulk buying power is getting off the ground.

The Independent Cafe Alliance (ICA) plans to start operating on a small sale — but, eventually, the aim is to have thousands of members.

The alliance was set up by the Catering, Restaurant and Tearoom Association (Catra) to negotiate better deals with manufacturers and suppliers. Catra executive director Frank Swarbreck says manufacturers, in turn, say they like the idea because it will spread their risk.

Some manufacturers, who complain they have been "squeezed" by the big supermarket chains for too long, also see the emergence of the ICA as a way of helping to loosen the chains.

Swarbreck, however, does not envisage a confrontation. "The cafe is a freedom fighter; in an open battle he'd get chewed up. But there are gaps in the market going by default."

Supermarket giants confirmed they were not concerned about the move; competition between them would ensure their prices stayed appreciably lower than cafe prices.

Swarbreck says a number of developments have spurred the formation of the ICA. One important factor has been the advent of Sunday trading by supermarkets and other rivals. Another has been the growth of the black informal sector and the increase in special deals these traders are getting on soft drinks, cigarettes and other products.

Furthermore, a plan was announced earlier this year to establish a consortium that will create a bulk-buying facility and a series of distribution centres in and around black residential areas.

The aim of the project, brainchild of chartered accountants and management consultants Coopers & Lybrand, is to give black traders and consumers a better deal by negotiating bulk discounts, cutting out middlemen, reducing transport costs and alleviating delivery problems. Skilled management teams will be on hand at the centres to give administrative guidance and to ensure effective marketing and merchandising.

A Cooper & Lybrand spokesman says non-white shoppers buy 54% of all groceries sold annually yet black retailers' share of sales is at most 5%.

Catra merchandising committee chairman Jimmy Michaelides says the ICA initiative will be started on a limited scale for a number of reasons.

The strength of Catra, an employer organisation dating back to 1919, is largely in the PWV area. Some 93% of its 3 500 members — about 1 900 of them cafe proprietors — are in this region. "If they all wanted to join and buy through the ICA, there is no way at this stage that we could supply."

So the ICA will be launched in smaller areas where cafe ownership is more stable and communication and collaboration are likely to be easier. At the outset, some 600 cafes and shops will come under the ICA "convenience store" banner.

ICA members will benefit from the organisation's buying muscle and its marketing and merchandising experience. In some instances, the ICA will buy in bulk and warehouse the goods for distribution as needed. In others, it will merely act as broker.

Swarbreck says: "For a long time we have had to subsidise the supermarket chains' discounts. They get other advantages, too."

The ICA also plans to negotiate deals which will allow members to offer at least 15 lines at highly competitive prices — and give them the flexibility to run "specials".

In order to improve members' image, a code of conduct will apply to appearance, display, pricing and other matters.

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B/Day 18/4/89

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Middle Eastern delicacies

B/Day 18/4/84 (288)

THREE Middle Eastern delicacies — tahina, halva and Turkish delight — are now being made by Aviv Food Processors at a factory just north of Pretoria.

MD Brian Nathan says some 60% of output is exported, mainly to Britain. Most of the balance goes to the catering industry, supermarkets and health shops in SA.

Investment in the plant, which employes 108 people at Babelegi, is around R6m.

The factory went into production last August after SA interests had bought an Israeli company, Aviv Foods, and relocated it, complete with technicians.

From a management and control point of view, Babelegi was the natural location. "We needed a base where we could obtain a good labour concession and, besides, we already had a shoe-manufacturing company there."

Sesame seed, essential for the manufacture of tahina and halva, has to be imported. Halva, produced from tahina, comes in several flavours and has a shelf life of two years.

Turkish delight, made mainly from glucose and sugar, was one of the original company's products. It is being manufactured in rose, lemon, raspberry, orange and fruit flavours.

Growth in SA tourism expected

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Star 24/4/87

Pretoria Correspondent

The South African tourist industry should pay urgent attention to development in order to cope with an increased demand, according to Mr Danie Hough, Satour's chairman.

More than 800 000 overseas tourists are visiting the country annually and, calculated at a conservative growth rate of eight percent a year for the next 10 years, overseas visitors are expected to reach the 2 million mark.

The tourism industry has a current growth rate of 14 percent and is garnering R1,8 billion annually, excluding air fares.

Domestic tourism produces R2 billion in earnings.

Mr Hough said the industry should pay urgent attention to developing new tourist venues because the demand far outweighed the supply.

He said the industry had little infrastructure. No accommodation or empty flights were available during December in South Africa.

In an effort to cope with the demand, Satour is marketing the country's off-seasons.

"South Africa is a bargain," Mr Hough said.

Referring to the growth points in the industry, he said although hunting and nature resorts were the most popular, the beaches had not yet been developed to their optimum.

It had become easier to market the South African tourist industry abroad, he said.

"The country's image has improved tremendously over the last year and our marketing strategies, developed when the industry was in the doldrums, are working.

"We did the right thing at the right time," Mr Hough added.

CONFERENCE

Satour and South African Airways are bringing travel agents and tour operators from 37 countries to South Africa for a two-day tourism conference.

The conference will bring 500 owners of tourist facilities in contact with important buyers of their products.

According to Mr Hough, the conference was unique in that 250 South African facilities, ranging from the biggest city hotel to the smallest country safari, will be presented to the overseas tourist industry.

It is also the first time the public will be able to participate. An exhibition is open to the public on April 29 at Nasrec exhibition centre near Johannesburg.

'Tourism is booming in South Africa'

STAR 24/4/89 288

By Kaizer Nyatsumba

The tourism industry in South Africa is booming, the chairman of the South African Tourism Board (Satour) and Transvaal administrator, Mr Danie Hough, said at Nasrec, Johannesburg, today.

Opening a week-long annual international tourism show, Indaba/Focus '89, Mr Hough said the overall number of tourists visiting South Africa last year increased by 14 percent. Satour was expecting a further 12 percent increase this year. Its average annual increase is 8,5 percent.

An annual growth rate of 8,5 percent in tourism would mean that South Africa would have two million foreign tourists by 1991.

While this figure would include tourists from neighbouring states, the domestic tourism market "which will have strengthened immensely by then" was not included.

Mr Hough said growing numbers of black South Africans would also be travelling "within their own country" and this pointed to a potential for tremendous growth over the next 10 years.

He said a record 804 985 foreigners arrived in South Africa last year on business, holiday and shopping visits. This figure included visitors from neighbouring African states.

The number of tourists coming from Europe increased by 16 percent last year, that of North American tourists had increased by 9 percent, Mr Hough said.

Satour, Mr Hough said, acknowledged that all visitors, "irrespective of their reason for coming here or their country of origin" were important to South Africa.

He said the main motivation for the Government's investment in and support of tourism was the industry's importance as a foreign exchange earner, as a source of job creation and as a means of improving visitors' perceptions of South Africa.

Bed shortage blow to tourism

w/E ARGUS 22/4/89 288

By DICK USHER
Business Staff

CAPE Town's shortage of hotel beds is hurting South Africa's thriving R1,5-billion international tourist trade.

Tourism, both international and domestic, is worth at least R1-billion a year to the region and growth is being restricted by the bed shortage.

With Cape Town a must on every overseas visitor's list, many potential tourists are staying at home if lack of accommodation means they can't take in the beauties of the Cape on their tour package.

Industry spokesmen could not quantify the loss, but agreed that more hotel beds in Cape Town and its environs would help expand the already flourishing tourist industry.

Mr Campbell Smith, deputy executive director of the South African Tourism Board, said South Africa was "fighting its way back" and had shown a tremendous growth in international tourism in the past two years from the trough of 1985/86.

He said that this, allied with an awakening of South Africans to tourism, had resulted in a shortage of hotel beds in Cape Town at peak seasons and tour operators were experiencing problems getting accommodation in the city.

Mr John Robert, MD of Captour, said that Cape Town was such a high priority overseas on itineraries that many people would not come if they could not come here.

"Tourism is a vital part of the region's economy," he said.

"It's currently worth about R1-billion from domestic and overseas visitors. Our share of the South African market is about 15 percent, which we plan to expand to 30 percent by 1992."

In 10 years the Cape's tourist season had extended from six weeks to six months and Captour planned to expand this into the winter months, said Mr Robert.

"We're starting a 'Green Season' campaign to promote the region in what has until now been seen as the off season.

"We're hoping to encourage both domestic tourism and business tourism — conferences other activities — in mid-year," he said.

This would have the advantage of expanding the market and relaxing some of the pressure on accommodation at high season.

Mr Otto Stehlik, MD of Protea Hotels, said the entire tourism infrastructure, transport and communications, not only accommodation, had to be expanded.

Overall, the pressure on beds had increased because the national total available had fallen by 2,6 percent because of hotel closures following five years' poor trading.

Mr Robert said that one intention behind extending the Cape season into the winter months for domestic tourism was to try and make space for overseas visitors.

"They're naturally more interested in coming here in summer from a northern hemisphere winter than they would be in coming from summer into winter," he said.

Mr Smith said that expanding the winter season opened tremendous opportunities for the South African tourist trade.

"It's growing at about 14 percent a year and at that rate we'll see two- million foreign visitors within 10 years."

Mr Stehlik said that only this week he had had discussions with German tour operators who were looking at off-peak tourism opportunities.

450 overseas agents for Nasrec tourism show

By Kaizer Nyatsumba

The international tourism show, Indaba/Focus '89, which opened yesterday at Nasrec, in Johannesburg, will be visited by nearly 450 overseas agents, 1 500 local travel agents and journalists from 37 countries, a Satour spokesman, Ms Marie Wessels, said.

Satour chairman and Transvaal administrator Mr Danie Hough officially opened the show in front of about 1 700 people yesterday. Also present at the opening were the administrators of the three other provinces and mayors of most PWV towns and cities.

DELEGATES

Yesterday and today were set aside for attendance by overseas delegates, while local travel agents are expected to attend the Indaba/Focus tomorrow and Thursday.

There are 260 stands representing over 200 companies at the show this year.

For the first time ever, this year members of the public will be able to attend the exhibition on Saturday from 9 am to 6 pm, and tickets — which can be purchased at either the show or Computicket — will cost R5 an adult and R2 a child.

This is also the first time Indaba, the marketing and promotional workshop for the international travel trade, and Focus, the educational tool for domestic travel agents, are presented as a combined travel exhibition, Ms Wessels said.

"Indaba/Focus '89 has gained international status, and compares in quality and effectiveness to some of the best tourism shows in the world," Ms Wessels said.

Countries taking part in this year's exhibition are South Africa, Botswana, Namibia, Malawi, Lesotho, Swaziland, the Comores and the four independent homelands.

Swallows to migrate to Ellis Park

(288) B Day 27/4/89

GARY CROMHOUT

ELLIS Park Ltd (Elspark) has clinched a 26% share of National Soccer League (NSL) team Moroka Swallows.

A formal agreement between Transvaal Rugby Football Union (TRFU) president Louis Luyt and Swallows chairman David Chabeli will be signed at Ellis Park this afternoon.

The move ends days of talk that Elspark would be buying a slice of the club.

It paves the way for Swallows to play their home matches at the stadium, giving Elspark a slice of the lucrative NSL competitions in addition to its rugby interests.

Ellis Park was in danger of losing soccer. Glamour club Kaiser Chiefs had used the stadium as their home ground since 1984, but plans to move to the giant Soccer City at Crown Mines, which should be ready at the end of the year.

R50 000 damage after hotel blast

Star 4/8/89

An explosion in an Orkney, Western Transvaal, hotel yesterday caused about R50 000 damage and blew parts of the roof into the courtyard below.

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No-one was injured in the blast.

A police spokesman in Potchefstroom said it was not yet known what type of explosive device was used.

The device, placed behind the toilets of the Riesling hotel's outside bar, shattered windows of guestrooms and blew about six metres of wall into the street.

The hotel manager, Mr Jack Krynauw, said he was awakened at about 3 am by what he first thought was a huge thunderclap.

'Insider trading' in Elspark shares

(288) B/Day 3/5/84

BRUCE ANDERSON

A *PRIMA FACIE* case of insider trading in Ellis Park Ltd (Elspark) shares last month had been found, the JSE general committee announced yesterday.

Consequently, all available evidence had been handed to the Registrar of Companies for his consideration, the JSE said.

It is understood that if the registrar agrees with the JSE's conclusion, he will, in turn, forward *prima facie* evidence of insider trading to the Attorney General for possible prosecution in terms of the Companies Act.

JSE president Tony Norton would not elaborate last night on the statement issued by the JSE general committee.

Yesterday's announcement came after the general committee had called for returns from brokers on transactions in Elspark shares from April 11 to 19.

The JSE took the step after a phenomenal rise in the Elspark share price on April 19 ahead of an announcement four days later that the Transvaal Rugby Football Union (TRFU) was to buy out minority shareholders in Elspark.

On April 19 the price of Elspark linked units — comprising one ordinary share and one debenture — rocketed from a low of 80c to 100c — a rise of 25%.

Trading in Elspark was suspended later that week.

The chairman of both Elspark and the TRFU, Louis Luyt, said last night he was unconcerned about the JSE's findings, as there could be no suggestion of insider trading on the part of the TRFU.

The TRFU had made it clear in the Press that it had bought shares in Elspark, Luyt said.

He said the JSE's suggestion of insider trading implied someone must have made money from buying the Elspark shares.

He said he had bought 1,6-million

● To Page 2

Probe suggests Elspark insider trading

(288) B/Day 3/5/84

● From Page 1

Elspark shares at 80c a share. He had done so on behalf of the TRFU as a nominee.

However, Luyt said he had not profited from the deal because he had passed the shares on to the TRFU at the price he had paid for them.

He added he thought the JSE would have contacted him before its meeting yesterday.

If the JSE had contacted him, said Luyt, he would have pointed out that the decision to buy the Elspark shares had been minuted in a TRFU meeting.

In addition, the TRFU's auditors, Theron Du Toit, had sat in on the TRFU executive committee meeting and scrutinised the mechanics of the planned TRFU buyout of Elspark to ensure none of the executives profited from the transaction, said Luyt.

Township to have glitzy new night-club

CNX Times 6/5/89

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ABOVE: Mr Zitulele Combi drinks to the success of the Guguletu nightclub, The Yellow Door. **RIGHT:** The interior of Guguletu's nightclub which will cater for up to 500 people. Pictures: ANNE LAING

By DI CAELERS

NIGHT-LIFE in Guguletu will take on new meaning on May 30 with the opening of The Yellow Door, a glitzy new R750 000 night-club to rival any other in the Western Cape.

The club is very definitely upmarket with just the right amount of glitz and glamour to ensure it will be the place to be seen.

"There's no way it will be dark and dingy. The black people here all know one another and they don't want a club scene where they can't even see the people at the next table.

"They're very sociable and this is what has dictated the final open-plan and not overly-dark design," Mr Zitulele Combi, marketing director of Sivukile Liquor Wholesalers, told the Cape Times yesterday.

The venture is a joint one between his company and Picardi, with a substantial input from South African Breweries on which Mr Combi was not prepared to put a price tag.

The most striking feature of the club must certainly be its size — when filled to capacity it will hold 500 people.

The bar stretches along one entire wall for easy access and plenty of seating, the large dance floor is situated right in the middle of the club and surrounded by tables and comfortable chairs.

The colour scheme is bright — red, turquoise and black.

"We've been practical about the decor. The carpets are 100% pure wool — aimed at keeping the club looking good for as long as possible — and are only in the sit-down areas," said Mr Combi.

Fill entertainment gap

The remainder of the floor is quality white tiling.

"The emphasis in the design has been on space and flexibility."

Mr Combi believes The Yellow Door will fill a huge gap in the entertainment market in Cape Town's black areas but stresses they are not aiming primarily at a black market.

"The club will rival any other in the Western Cape and we would like to see a good mix of black and white patrons here."

Security will be tight. Night-clubbers will be screened by security guards at the entrance to the building, again at the downstairs door where they will pass through metal detectors, and finally by the management.

No final decision has yet been reached on the entry fee but Mr Combi promises it will be kept to under R10.

Liquor prices too will be lower than those of other clubs and patrons will pay less than R1.50 for a beer.

"We'll be relying on volumes of people to boost the profits," said Mr Combi.

Music is the untested ground. There is a R150 000 sound system but he said the DJ would rely initially on request cards from patrons until they established what music would be most popular.

In addition, they plan to have a resident band as well as to bring in as many visiting acts as possible.

A staff of 52 will be on hand to take care of patrons and Mr Combi said they would all be experienced waiters, waitresses, barmaids and wine stewards.

Opening date for members of the public is Tuesday, May 30, with the VIP official opening to be held the night before.

Green Season

The Cape's Secret Yours to Share

May-October

R150 m winter bonanza for Cape

Cape Times 6/5/89 (288)

THE recognised Cape holiday season used to last little more than six weeks. Now, with the attractions of the region widely and aggressively publicised, the season has been extended to seven months, with the prospect of a year-round season soon. ROGER WILLIAMS and CATHY HOOPER report.

CAPE TOWN, after a bumper seven-month season, stands to make R150 m in extra earnings from tourism this winter, on the basis of an expected upturn in hotel occupancy rates, compared with the winter of 1988.

At least one major hotel group offering special off-season packages is looking at a 20% increase in occupancies at its hotels in the Peninsula between now and the end of August, and other groups are similarly optimistic.

John Robert, MD of Captour, which has embarked on an R800 000 campaign to popularise the Cape's "Green Season", between May and October, says there are indications that the 1988 occupancy rate of 55% for the Peninsula's 10 000 hotel beds over a 180-day winter period will be greatly improved this winter.

"If an overall 20% increase in hotel occupancies is achieved this winter, this means the hotels alone could earn a total of R50 m extra including indirect earnings calculated on the internationally recognised tourist-earnings formula.

"And it means the city as a whole could earn an additional R150 m if one takes into account Fedhasa's calculation that only 30% of tourist money goes on hotels."

Robert, back from the Indaba/Focus '89 international tourism workshop in Johannesburg, where Captour had two stands, says a feature of this event was the strong interest shown in the Cape tourism product, including the attractions of the "Green Season", projected by Captour.

"Captour's Green Season campaign could not have been launched more timeously, with so many tour operators abroad as well as locally at last beginning to see the tourist possibilities in the Cape winter, as well as in the summer season.

"The penny has clearly dropped, and I came away from Indaba feeling confident that, with all we are able to offer the visitor in the winter months, we are going to succeed in extending the Cape season throughout the year.

"Among more sophisticated travellers who are not particularly concerned with beaches and sun-bathing, we found a lot of interest in our wines, our rich cultural life, our natural assets, our scenic drives and other things that the visitor can enjoy in winter, as well as in the warmer months."

Robert says there is now a pressing need for "product development" at the Cape — such as developing the region's potential as a conference and meeting centre, and of getting the Cape tourism message through to the consumer directly.

Region

He says Captour was well supported at Indaba by delegations from the Overberg and Cape West Coast areas, which meant the Western Cape as a whole and not just Cape Town was well represented, and well able to present a full tourism picture of the entire region.

"We waved the Western Cape flag as never before — and I'm happy to say we sold ourselves as a region. What we must ensure now is that we are adequately equipped to meet the needs of an increased inflow of visitors — and also to raise standards in the tourist industry, all round."

● Indaba, the biggest tourist workshop of its kind in SA, with exhibitors from Malawi, Lesotho, Swaziland, the Comores, the TBVC countries and Namibia, was visited by more than 2 000 foreign and local travel agents and journalists from 37 countries.

An estimated 10 000 people visited the exhibition on the one open public day, last Saturday.

The consensus among the many Cape exhibitors was that not only was there stronger than ever interest in what they had to offer, but that foreign tour operators were keen that their tour itineraries include as much of the Western Cape and the Garden Route as possible.

Another observation was that greatly increased inflows of visitors could be expected from Italy, Canada, Australia, New Zealand, Taiwan, Germany, France, Belgium and the USA.

Success

Rudi Rippe, GM of Garden Route Tours, based in George, says of this year's workshop: "It was a resounding success, with more serious business discussions and decisions."

Rippe said one of the most-important features of Indaba was the return of North American interest.

Kevin Gilmore, director of Welcome to SA Tours, Cape Town, comments: "A great deal of international incoming tourist business was concluded at the Indaba meetings, and it would appear from all the bookings and firm inquiries made by tour operators that unless the Cape Town and Garden Route areas build more hotels in the near future, we in the Cape will have to turn business away, because of limited bed-space."

There were strong calls at Indaba/Focus on the SA tourist industry to develop its infrastructure to cope with increased overseas as well as local tourist movement throughout southern Africa.

Satour chairman Danie Hough said that with more than 800 000 foreign visitors touring SA annually, and with a conservative growth-rate of 8% a year, the inflow of tourists from abroad was expected to reach 2 m in the next 10 years.

Tourism from overseas was earning R1,8 bn a year, he said, while domestic tourism was producing R2 bn.

Buoyant Suthsun

9/5/89

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Finance Staff

Increased occupancies in the second half of the financial year boosted Southern Sun Hotel Holding's bottom line by 145 percent to R25 million.

This is equivalent to earnings per share of 35,7c (14,6c).

The dividend has been raised from 10c to 25c a share.

Buoyancy in the tourism market is reflected in the sharp rise in average group occupancies, which rose to 62 percent for the year — the highest level since 1985.

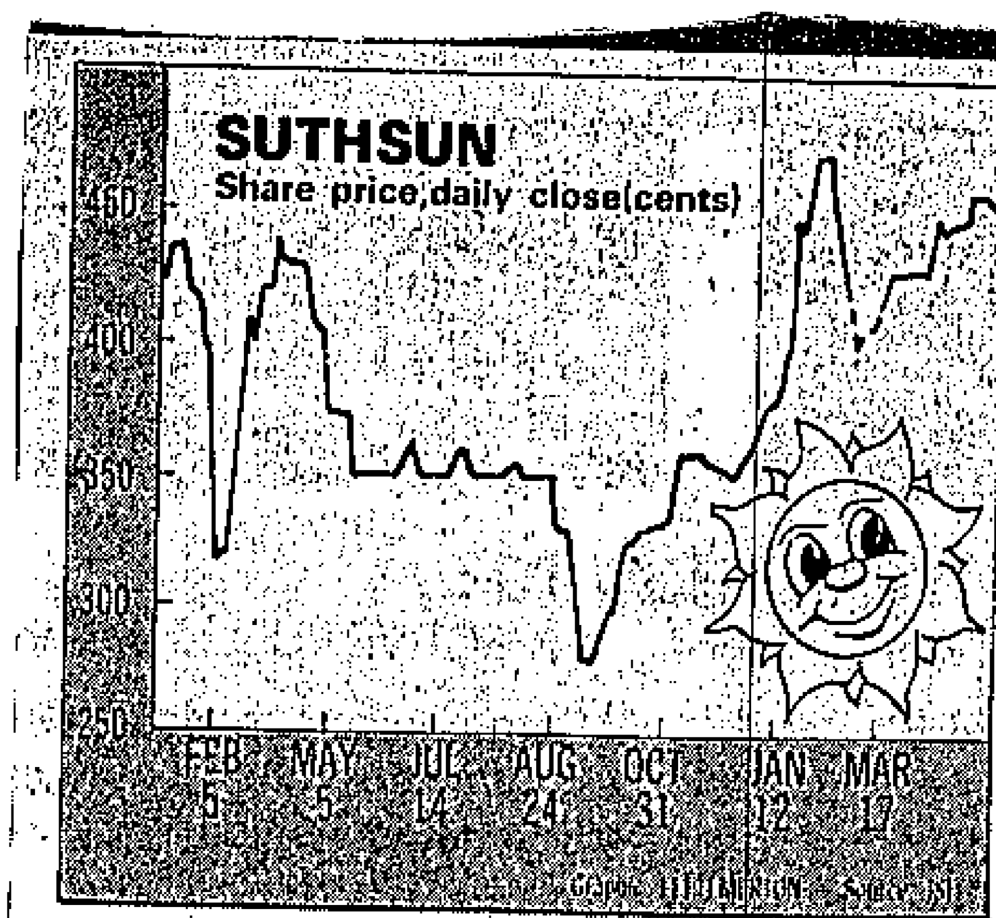
The nine percent increase in occupancy levels was ahead of that recorded by the industry as a whole and was a major contributor to the increase in profitability.

Turnover rose to R390 million (up from R314 million), while operating profit soared to R83 million (R55 million).

Rentals and leasing charges, linked in some instances to turnover, rose by 20 percent to R48 million, while interest charges rose to R13 million.

Retained attributable earnings of associated companies, mainly a 21 percent investment in Sun International, rose from R9 million to R12 million. Outside shareholders and preference dividends took up R6,9 million (R3,7 million).

This left attributable profits of R25,1 million (R10,2 million), equal to 35,7c a share.



Tourism boosts Suthsun

BDay 9/5/89

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BRUCE ANDERSON

A SHARP increase in foreign tourists and improved local demand have boosted Southern Sun Hotels' (Suthsun) earnings a share by 145% to 35,7c (14,6c) for the year to the end of March.

A 145% increase in attributable profit to R25,1m (R10,2m) came on a 24,2% increase in turnover to R390,4m (R314,2m). Operating profit rose 51% to R83,9m (R55,6m).

A final dividend of 25c (10c) a share has been declared.

Suthsun group MD Bruno Corte says strong hotel patronage during the second half of the year pushed occupancy figures for the year to 62%. The 9% increase in occupancies over last year was ahead of the industry average.

Corte says Suthsun managed to outperform the rest of the market mainly because its hotels in most of the major cities are well-placed to take advantage of the increasing numbers of foreign tourists.

Suthsun now earns 15% of its business from foreign tourists, says Corte.

In addition, earnings are boosted as average room rates of Suthsun hotel rooms are 30% higher than the industry average.

Gearing has deteriorated slightly. Interest-bearing debt at year-end represented 60% of total shareholders' funds.

Corte says this is largely due to a change in accounting practice in terms of which the group has recognised "on balance sheet" the liabilities relating to leases.

Before this change in accounting practice — implemented since April 1 last year — gearing had stood at 47%. Corte says the group hopes to reduce gearing to 50% as soon as possible.

On prospects, Suthsun's management is forecasting a moderate improvement in occupancies for the current year.

While the action taken by the authorities to cool consumer demand will affect local support of the hotel industry, the level of overseas tourism is expected to continue to increase provided there is "no marked change in the socio-political environment".

"However, with rising interest rates and pressures on operating margins, the anticipated improvement in earnings is likely to be more modest and will occur mainly in the second half of the year," directors say.

60% rum, liqueur import surcharge likely

B Day 9/5/84 288

BRUCE ANDERSON

A 60% import surcharge on liqueurs and rum is soon to be introduced, say liquor industry spokesmen.

Whisky, however, is likely to escape the surcharge in an attempt to avoid offending British whisky producers.

It is believed that the new surcharge has not yet been gazetted.

There were reports yesterday of confusion over the imposition of the surcharge by officials in different parts of the country.

Industry sources said imports of liqueurs and rum had been cleared in Johannesburg and in Durban yesterday, while importers in Cape Town were apparently told they would have to pay the new surcharge.

The Board of Trade and Industry could not be reached late yesterday.

City told: Embrace the tourists!

S/Times 12/5/87

By RYAN CRESSWELL

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AN unusual campaign to persuade a tourist city's people to be more hospitable towards holidaymakers is to be launched soon.

Durban's chamber of commerce is trying to end the "sooner you go home the better" policy many locals have practised in the past.

Some local motorists even sport car stickers reading: "Welcome to Durban, now go home".

The chamber claims the campaign — to be launched next month — is the first of its kind in South Africa.

It will be followed by promotions including a Tourism Awareness Week, Best Service to the Public contests and a year-end function where awards will be given for services to tourism.

Mr Mike Meehan, the president of the Durban Metropolitan Chamber of Commerce, said: "We wish to eliminate the 'Go home tourist' attitude by creating public awareness of the innumerable benefits tourism brings to our city in terms of employment and business opportunities."

BDay 17/5/89. (288)

Group's leisure division a pioneer in the field

RESEARCHING world-wide trends in the real estate field has helped the Masterbond Trust Group come up with innovative new ideas in the property development field, which has benefitted its investors.

Company philosophy has been that to stay ahead in the field it should, firstly, soundly research new world-wide trends in property development and, secondly, adapt those developments to SA's circumstances if suitable and profitable. Hence the pioneering of certain unique developments in SA, specifically in the resort and leisure market.

During 1987 it was one of the first companies to develop and market a timeshare in Cape Town. Today, this development with sales of more than R11m, is 70% sold out and is one of the most successful timeshare developments in Cape Town.

Furthermore, the company has been in the forefront with a management involvement in the prestigious Club Mykonos resort development on the West Coast.

This development, with its magnificent new deep sea harbour providing top-rated mooring facilities for ocean going yachts, has broken from the traditional resort market in attempting to provide a holiday lifestyle previously only obtainable in the Mediterranean.

In addition to the harbours there are more than 100 "Kalivas" (units) ranging from one to two bedrooms as well as waterfront tavernas.

The 400 delegate conference and sport centre with top-rate facilities will be completed during July.

Masterbond Trust has also embarked on a joint venture with Ster Cinemas founder André Pieterse in an upmarket development called Fancourt Country Club, at George.

This development, with a 27 hole golf course designed by Gary Player, a four star hotel and planned accommodation and ownership lodges, is a first for SA.

Having recognised that tourism, both local and international, will become one of the growth industries of the 1990s, Masterbond Trust decided early this year to consolidate all the activities, existing and planned, under a subsidiary called Masterleisure. This company is made up of a marketing, development, administration and resort ownership and management divisions.

The management team is once again headed by Koos Jonker, who is chairman, with fellow directors Johann Brits, Johan Winckler, Ian Masson, Marius van den Heever and Andre van Rensburg.

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BUSINESS DAY, Wednesday, May 17 1989

PARK AVENUE HOTEL ... Masterbond's first venture into hotel redevelopment

Making more of hotels

WITH the growing shortage of hotel accommodation in Cape Town, Masterbond's venture into hotel redevelopment may well be one of its best investment moves — particularly view of the increase in incoming tourists lured by a weak rand.

In redeveloping the Park Avenue Hotel, it has turned a run-down hotel into modern hotel accommodation that caters for the needs of today's travellers.

Masterbond Trust invested more than R2m in refurbishing the hotel to give it a fresh modern look, with soothing pastel colours and an air of tranquility.

Special projects director Andre van Rensburg says the hotel also answers a plea from the South African Tourism Board for greater infrastructure within Cape Town.

"Extensive research into the state of Cape Town's hotel industry shows a definite demand for more hotels aimed at the quality conscious sector of the market," he says.

Surrounded by quiet, oak-lined avenues, the hotel provides a facility away from the hustle and bustle of the city, yet is only a ten minute walk into the heart of downtown Cape Town and Parliament.

The 50 designer-decorated rooms, each equipped with a bathroom, colour TV and M-Net, are comfortable and modern.

The hotel offers a dine-and-wine option in the form of Gershwins restaurant. The view from the restaurant is to Table Mountain and patrons can enjoy a full a la carte menu and live entertainment.

Then for a light meal there's Piaf's — a restaurant and coffee shop serving breakfast and a lunchtime carvery.

The Park Avenue also offers two well equipped conference rooms catering for up to 60 delegates; 24-hour security; lock-up garages; and private deposit boxes.

GM David Ankers — formerly of the Mount Nelson — describes all these attributes as "quality at affordable prices".

Masterbond's investment in the Park Avenue Hotel may be the forerunner of similar ventures.

Star 18/5/89 (288)

'Living museum' created

A worker stands next to a sculpture at the entrance to a hut in one of Credo Mutwa's villages in the Montshiwa Nature Reserve.

By Brendan Templeton

He claims to have predicted the downfall of Mr P W Botha only days before the State President had his stroke; he told Mr George Bush — who was visiting South Africa at the time — he would become president of the United States; and he has singled out 1989 as the make or break year for South Africa.

Now Mr Credo Mutwa, sangoma and self-proclaimed "spiritual leader of the Zulu nation", has created a "living museum" of five traditional villages outside Mafikeng to promote understanding between the black and white people of southern Africa.

He believes many valuable traditional beliefs and practices have been forgotten and discarded and intends preserving these by creating an environment in which this knowledge can be pooled and made available again.

Two tours have been arranged in conjunction with Southern Sun from June 2 to June 4.

People visiting Mr Mutwa's villages will be able to view sangomas doing their traditional work, the preparation of cures, the training of apprentices, and the making of beads and artefacts which will be on sale. The villages have been constructed according to the exact specifications of traditional villages built hundreds of years ago.

Mr Mutwa is being assisted by Mr Gary Sinclair, chairman of Grow, an organisation which has promoted backyard vegetable gardens in Soweto and Walkerville.

Grow had also played a role in developing education and housing in Walkerville and at Orange Farm, Mr Sinclair said.

Information can be obtained from Mr Ian Spitz (011) 53-8194; Mr Charles Joffe (011) 640-6406; and Ms Esther Farber (011) 640-2784.

Leisure group to develop exclusive game farm

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Star 19/5/87

Finance Staff

One of South Africa's leading leisure groups, Vacation World, has entered into a development contract to purchase a 70 percent share in a 6 000 ha game farm only 90 minutes away from Johannesburg.

The game farm, to be called "Roan Lodge", is situated near Loskop Dam, adjoining the game farm "Sebaka".

The area where the game farm is situated is classified as one of South Africa's most beautiful nature areas and plans are afoot to declare some 250 000 ha as a Nature Reserve.

The Roan Lodge will be developed on a very exclusive basis and the intended target market will consist of the large corporations and the A and B income groups of the PWV area.

"Our surveys have shown an increased tendency by the larger corporations to invest in luxury game farms for the entertainment of overseas clients", said Mr Johan Sturm, a spokesman for the company.

Trends in other parts of the world and especially in the United States have shown the need for a weekend get-away to be situated as close to the cities as possible. People want to get to their weekend homes as soon as possible and not waste precious time travelling.

Living in the bush will be comfortable and luxurious.

Orchid Hotels, the hotel management arm of Vacation World, has extensive experience in the operation and running of game lodges and nature reserves. Gethlane Lodge in the Eastern Transvaal, is one such a nature reserve that has become a popular retreat with excellent cuisine and facilities. "The running of Roan Lodge will be in the hands of specialists", commented Mr Sturm.

The lay-out of the units will be planned in a manner that will afford the guests the utmost seclusion and privacy to avoid a clustered, overcrowded effect that will detract from rather than enhance the natural surroundings.

Thatch chalets will be built to emphasise this aspect and will blend in with the environment. A small conference facility will allow delegates the required tranquility and inspiration required for seminars and think-tanks close to the cities.

Special care will be taken in selecting the site with the client present so as to avoid damage to the abundant tree and bird life that abounds at Roan Lodge.

The lodge will have striking water features and the gorge running through the property already has some of the most breathtaking scenery in Southern Africa.

"As more awareness is created in the protection of the environment, this project will not only be enjoyable, but will help us to protect" piece of Africa for future generations.

Unstable interest rates under fire

Star 22/5/89.

288

BLOEMFONTEIN — The disruptive effect of unstable interest rates, speculation on the inflation rate, the inability of the Government to stay within its budget and the treatment of teachers were highlighted as matters of great concern by Henri Lerm after his induction as president of the Chamber of Commerce OFS in Bloemfontein at the weekend.

Mr Lerm said unstable interest rates had a disruptive effect on both individuals and businesses, while the Government's inability to stay within its budget affected everyone.

Speculation on the inflation rate should be avoided, he said.

Mr Lerm said the poor treatment of teachers was a major worry because these were the people who had to shape the leaders of the future.

Mr Lerm drew attention to the tourism potential of the Free State.

While this was not as great as that of other regions, the Free State nevertheless had much to offer the tourist.

Greater efforts should be made to promote tourism in the region, he said.

Raoul Cilliers, outgoing president, said the industrial climate had improved in Bloemfontein.

The factories being erected at Bloemdustria would eventually provide better opportunities for jobs and satellite industries for the population of Bloemfontein.

The city should never be negative about any industry, he said. There should not be an attitude that because an industry was "dirty", it was not wanted.

Ways should be found to accommodate such industries.

Mr Cilliers said the Government should be asked to try to persuade the outside world to change perceptions.

Perceptions were all-important, while the facts were irrelevant, he said. — Sapa.

No action to be taken on Elspark dealings

BDay 22/7/94

BRUCE ANDERSON

EVIDENCE of a *prima facie* case of insider trading in Ellis Park Stadium (Elspark) shares will not be forwarded to the Attorney-General by Registrar of Companies Mossie van Rensburg.

The evidence had been submitted to Van Rensburg by the JSE.

Van Rensburg said on Friday he had decided not to forward the evidence to the Attorney-General for two reasons.

These were that the JSE had forwarded additional evidence to the effect that Transvaal Rugby Football Union (TRFU) and Elspark chairman Louis Luyt did not benefit personally from any of the transactions.

The second reason was that it was not illegal for a predator company (in this case the TRFU) to buy shares in a company it was pursuing.

JSE critical of Luyt's role

Finance Staff

The JSE yesterday criticised Ellis Park Stadium (EPS) chairman Louis Luyt for buying ELS shares for the Transvaal Rugby Football Union.

The comments followed on the refusal by the Registrar of Companies to refer the case for insider trading contraventions to the Attorney General, on the basis that it was not illegal for a predator company (TRFU) to buy shares in a target company (ELS).

But the JSE said yesterday: "It was undesirable for the chairman of ELS to have been party to the purchase of shares, prior to the announcement of the cash bid by the TRFU, once he knew of that bid.

SHAREWORLD'S TOTAL LOSSES PUT AT R16m

28 SYLVIA DU PLESSIS BDay 25/5/89

SHAREWORLD'S losses since opening in a blaze of publicity in November 1987 totalled R16m, MD Rene Lion-Cachet said yesterday.

Standard Bank also announced the giant entertainment complex, in the south-west corner of Johannesburg, would be liquidated next month after the bank's decision in January to withdraw credit facilities.

Lion-Cachet said monthly losses were about R1m — operating costs of R400 000 and an interest burden of about R600 000. Shareworld owes Standard R45m.

Monthly turnover had also been lower than expected at about R100 000 since January.

Before its opening Shareworld forecast year-end turnover of R10m to yield R490 000 pre-tax profit.

"The liquidation puts our major creditor — Standard Bank — in the driver's seat and management will have to look to them for instructions," Lion-Cachet said.

Shareworld's first annual meeting will be held on Saturday and the state of negotiations for possible restructuring, and the complex's year-end results, which have not yet been released, will be discussed.

Shareholders said yesterday Standard's decision to liquidate the giant entertainment complex had not taken them by surprise.

One shareholder, who holds 2 000 shares, said he was unhappy about the liquidation because of the money he had invested in the complex. However, he was pleased Standard had offered to refund the subscription share price of 50c to ordinary and preference shareholders.

The offer is not extended to those involved in the design, construction or administration of the project.

Standard special operations manager Don Macey said he hoped the proposed R6m taxi interchange at Shareworld would go ahead because it would be a "catalyst to rejuvenate the Shareworld concept".

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TIMES MEDIA PUBLICATION

Luyt to sue magazine for libel

B/Day 25/5/89 288

BRUCE ANDERSON

● LUYT

ELLIS Park Stadium (Elspark) chairman Louis Luyt has instructed attorneys to issue summonses for libel against Finance Week, its editor and publishers, after a report in last week's issue over his role in the buying of Elspark shares.

Finance Week editor Allan Greenblo said last night: "We will definitely defend any libel action. I look forward to seeing Dr Luyt in court."

Luyt also hit out at a JSE statement on Tuesday criticising his role in buying Elspark shares on behalf of Transvaal Rugby Football Union.

The JSE statement had said that once Luyt knew of the TRFU's cash bid for Elspark it was undesirable for him, acting in any capacity, to have been party to the purchase of shares in Elspark prior to the announcement.

Luyt described Tuesday's

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Luyt to sue

B/Day 25/5/89 288

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JSE statement as "highly improper, without authority or foundation".

The fact the Registrar of Companies had not forwarded alleged evidence of insider trading to the Attorney-General bore out his (Luyt's) contention no improper dealings had taken place, said Luyt.

Luyt added it was trite law that a predator (in this case the TRFU) may purchase the shares of a company it was pursuing before it decided to make a formal offer, in terms of the Companies Act, to buy out the shares of that company.

Luyt also said the JSE's interpretation of legal matters left much to be desired.

Responding to Luyt's statement, JSE president Tony Norton said last night: "We were under pressure to clarify our position and we did so this week. We have our view and I'm sure Dr Luyt has his view."

Shebeen raids gave birth to new nightclub

Argus 26/5/89

By VUYO BAVUMA, Staff Reporter

WHEN Cape Town's shebeen-owners failed in their bid to acquire the leases of the townships' bottle-stores they did not regard it as the end of the world.

Instead, they each put R70 a week into a kitty with the aim of starting their own liquor outlet and nightclub.

Now, three years later, the taverners are partners in a joint venture with entrepreneur Mr Jan Pickard involving a glitzy R1,9-milion nightclub which is to open in Guguletu on Sunday.

In December last year the partnership established Sivukile Liquor Wholesalers — an outlet that serves most taverns and shebeens in the townships.

Its second venture, the club simply known as the Yellow Door, is in the Guguletu shopping complex in the heart of the township.

With its sophisticated, spacious interior the club seems destined to set the social scene in the area.

Picture: WILLIE de KLERK, The Argus.

GUGULETU GLITZ: Marketing director Mr Zitulele Combi stands behind the glossy red bar counter in the Yellow Door nightclub.

CASUAL DRESS

Mr Zitulele Combi, marketing director of Yellow Door, said the club would cater for a wide range of patrons.

"The standard of the club will be determined by the patrons. Their attire should be casual but no-one will be allowed in wearing jeans or tackies," he said.

The Yellow Door is fully licensed. "We are allowed to sell liquor at any time and plan to open from Monday to Saturday," he said.

"Maybe on Sundays we can have afternoon jazz sessions," he said.

The Yellow Door will be manned by a security staff of eight. Metal detectors will be used to search patrons. Admission will be under R10.

Sketching how the project started Mr Combi said: "The idea came about because shebeen-owners and taverners were being harassed by police when they bought their stocks of liquor.

"After bottle-stores were introduced into the townships we offered to buy them from the authorities but were unsuccessful because of red tape.

"So we decided to set up our own projects — a liquor outlet and a nightclub.

"The estimate for the project was R2,5-million. We started fund-raising by putting R70 a week into a kitty but as inflation bit deeper some of the partners dropped out. Only 30 remained."

By 1987 the taverners had raised about R200 000. They arranged a meeting with Mr Pickard and invited him to be a partner in the venture.

"We told him that he had the capital and we had the market," Mr Combi said.

"Mr Pickard agreed — and soon it was all systems go."

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Cape set as conference centre of the country

288

Cape Times 27/5/89

While Cape Town reaps benefits from the tourist boom, the city is also rapidly gaining popularity as a conference centre. ROGER WILLIAMS reports that winter — "green season" — conference bookings are the best yet.

CAPE TOWN is fast becoming the conference capital of South Africa.

Conference venues — and there are 60 of them in the city and its surrounding area — have never been as heavily booked for the winter months — "green season" — as they are now.

All hotel groups and individual hotels with conference facilities report a substantial increase over last year in the number of off-season bookings.

They are finding a growing awareness up-country as well as locally that winter at the Cape has many attractions as a conference centre.

While most offer attractive volume discounts on conference accommodation, hoteliers say they are still able to maintain reasonable levels of profitability on conferences, mainly through the food and beverage side of their operations, and that they try to strike a happy balance between the conference and tourist aspects of their business.

Arthur Gillis, MD of Protea Hotels, reports that bookings for the group's seven main conference venues in the Western Cape are 30% up on the first half of 1988 and he expects this increase will be maintained.

Southern Sun's group national sales manager Neil Fraser says conference bookings at the group's Cape Town hotels, including Holiday Inns, are 26% up on last year.

Gillis says: "A reason for Protea's 30% increase is that we are able to offer complete conference packages which up-country people are finding particularly attractive. These include spouses' packages which enable the spouses of conference delegates to get around and enjoy what we have to offer in the Cape.

"We are substantially busier this year than we were in 1988 and the Cape is now accounting for a much bigger proportion of the R25 m worth of business that our group does annually on conferences alone." (Protea's projected overall turnover for 1989 is R132 m.)

Gillis says country conference venues, as far from the city as Citrusdal and Lamberts Bay, are becoming increasingly popular with up-country businesses and organisations wanting to hold conferences in quiet, out-of-the-way places that offer city-bound businessmen and others a refreshing respite.

Jeana Karadanais, sales executive of the Mount Nelson, says the hotel's eight conference and function rooms are in demand during the out-of-season period as never before, with a growing number of companies and organisations going for winter conferences.

Firm bookings have been received for conferences as far ahead as 1991, she

□ To Page 14

room when it comes team-building and gett[illegible]
below.)

Cape Town? Now you're talking

From Page 13

says, and adds that the hotel's conference facilities will be extensively upgraded along with the general refurbishment planned for the Mount Nelson by its new London-based owners.

Peter Casey, conference manager of the six-month-old Lord Charles Hotel at Somerset West, says the hotel's conference facilities are in steady and growing demand, with "very good" bookings as far ahead as September 1990.

● Of the greater Cape Town area's 60 conference venues, 42 are at hotels and 18 in halls, theatres, wineries and at the SA Museum in the Gardens.

Records kept by Captour show that, since mid-March, 22 national — and in some cases international — conferences have been held in Cape Town and that firm bookings for at least another 20 have been made up to the end of the year.

Arnold Brock, regional director of Fedhasa, says the demand for conference facilities at the Cape, including those in country areas, has shown a "very definite" increase in the past year. The time has arrived, he says, for a full investigation of existing venues in Cape Town and surrounding areas, and the use being made of them.

"What we need now is greater co-ordination of our conference facilities and a properly planned marketing strategy, linked to Captour's Green Season campaign, to ensure these are put to maximum use throughout the year."

The SA Tourism Board's senior tourism promotion officer (conference division) in the Cape, Solly Klassen, reports a "very positive" response up-country to a joint Satour/Captour direct approach to companies and conference organisers in other major centres to use the Cape's "green season" for conferences.

Captour MD John Robert says the growing use being made of Cape conference facilities has highlighted a need for a centrally-situated permanent conference hall, fully equipped to international standards and big enough to take more than 1 000 delegates if necessary.

"Only this way are we going to get the really big international conferences to Cape Town. As the host city we must be able to meet all the requirements of such a major event — and I should think that the first place to look at is the Civic Centre on the Foreshore, which is ideally situated for such an event.

"Not only is it central and convenient; it is also accessible under cover from almost every part o[f] the city".

□ Captour has produce[d] a comprehensive "Con[ference] and Exhibitio[n] Guide", which can be ob[tained] from Captour, Bo[x] 1403, Cape Town 800[0] (021) 415-2040.

being Arthur's

Cape a major target for Ciskei's new casino

With the opening of the R47m Fish River Sun leisure complex on the Ciskei Coast casino pleasures are now only a few convenient travelling hours from Cape Town, making the Mother City a major target for Sun International's marketing plans, reports GERTRUDE COOPER, who was at the official "unveiling" by President Lennox Sebe on Wednesday.

THE Western Cape will account for 25% of the new "Polynesian Paradise" Fish River Sun Hotel's 120-room accommodation, the owners predict.

In the two months since the hotel, casino, country club complex, idyllically sited between the Fish and Old Woman's River, has been operative, a Cape Town presence has become increasingly noticeable, says marketing director Ernie Joubert.

In an effort to accelerate numbers even further, there are plans to make the hotel more accessible to Capetonians and so more attractive as a holiday destination.

A trump card the hotel holds is its location. A comfortable two-hour drive (183 km) from Port Elizabeth and 90 minutes (135 km) from East London, it is the most southerly situated casino in the country.

Immediate impact

Cape Times 27/5/89 288

Architect JD Maresch's unusual design of peaked green roofs — an upmarket, romanticised version of Polynesian fishing shacks — and wide windows with uncluttered views across rounded green dunes to the sea — makes an immediate impact.

Lionel Levin and Associates, who were responsible for the Cape Sun decor, have created a complementary and exciting interior in which coral, bright greens and a picture theme of vividly coloured parrots predominate.

An "airscapes" package deal out of East London is being drawn up in conjunction with Sartravel. It will offer Cape holidaymakers accommodation for from two to seven nights, air travel, transport from the airport to the casino, and discount vouchers.

Also under consideration, says Joubert, is a train package: "We already have one in operation between Johannesburg and the Wild Coast which is working well. A faster Garden Route rail service from Cape Town to Port Elizabeth with a bus link from there will make for a more leisurely travel route for longer period holidays.

Meanwhile Cape visitors to Port Elizabeth have, since the hotel's opening, been availing themselves of one-day coach excursions which are accounting for visitors by the hundred. GM Graham Vass says: "Up to 60% of them women!"

The attractive deal costs R35 of which R20 is refunded on arrival. Ticket holders also receive discount rates on lunch and the cinema.

For non-gamblers the 55-seat cinema shows current releases three times a day.

"No blue movies," says Vass. "We will, however, have films such as *Cry Freedom* which are not released on the South African circuit."

Golf is likely to be a major attraction for Cape Town sports fans, with a 6 300 m par 72 course designed by Gary Player. The first nine holes should be playable by September and the second before Christmas. Joubert is confident of an international tournament next year.

He is positive about the complex's contribution to tourism to South Africa: "At a tourist indaba held here recently, tour operators were excited about the Fish River Sun as a stopover for tour packages into the country.

Sun International chairman Ian Heron said at Wednesday's official opening: "Public response in two months has been so great that we will have to consider expanding the resort."

Shareworld books 'not properly kept'

SYLVIA DU PLESSIS 288

SHAREWORLD auditors Aiken and Peat have refused to express an opinion on the financial statements of the doomed complex which owes Standard Bank R45m and is to be liquidated on June 6.

In the foreword to the statements, released at Shareworld's AGM on Saturday, they claimed the company did not maintain proper books and records relating to operating expenses and the collecton of income.

They said: "The design and construction of the complex was undertaken by two companies and paid for out of monies advanced to Shareworld by its banker.

"Proper books and accounts were, in our opinion, not maintained by the company relating to this expenditure and, in numerous instances, significant amounts were not supported by proper vouchers or other documentation."

In addition, Shareworld had not maintained a fixed asset register.

"Because of the aforegoing, we have been unable to satisfy ourselves that the expenditure capitalised in the company to fixed assets represents proper additions, or that the expenditure is represented by the existence at a proper value of fixed assets which it purports to relate to.

"Further, proper books and records were not maintained in relation to operating expenses and the collection of income, and we have accordingly been unable to satisfy ourselves that certain of the expenditure was proper and that all income was accounted for."

Pay beach proposal 'will be opposed'

30/8/84 28

By Sue Olswang

A proposal to develop one of Durban's most popular surfing and swimming spots as a pay beach may be compared to privatising the city hall.

Mr Eric Carlson, chairman of the city's biggest lifesaving club, Durban Surf, which is based at North Beach, was reacting to the news that a consortium of Johannesburg-based companies was proposing to develop North Beach as a pay beach.

He believed ratepayers would strongly oppose the idea.

"North Beach is the most popular beach because it offers one of the safest bathing areas in the country," Mr Carlson said.

The pay beach proposal was put forward by a Johannesburg city councillor and businessman, Mr Eddy Magid, on behalf of Southern Sun hotels and Ozz Limited. Mr Magid is a director of Ozz, which was responsible for Bedfordview's Bruma Lake development.

Mr Jan Venter, chairman of Durban's management committee, said the committee was likely to consider the proposal by next Tuesday.

The committee's major considerations would be whether the development was in sympathy with the Revel Fox plan which the council had pledged to uphold, and whether it would cost the city anything.

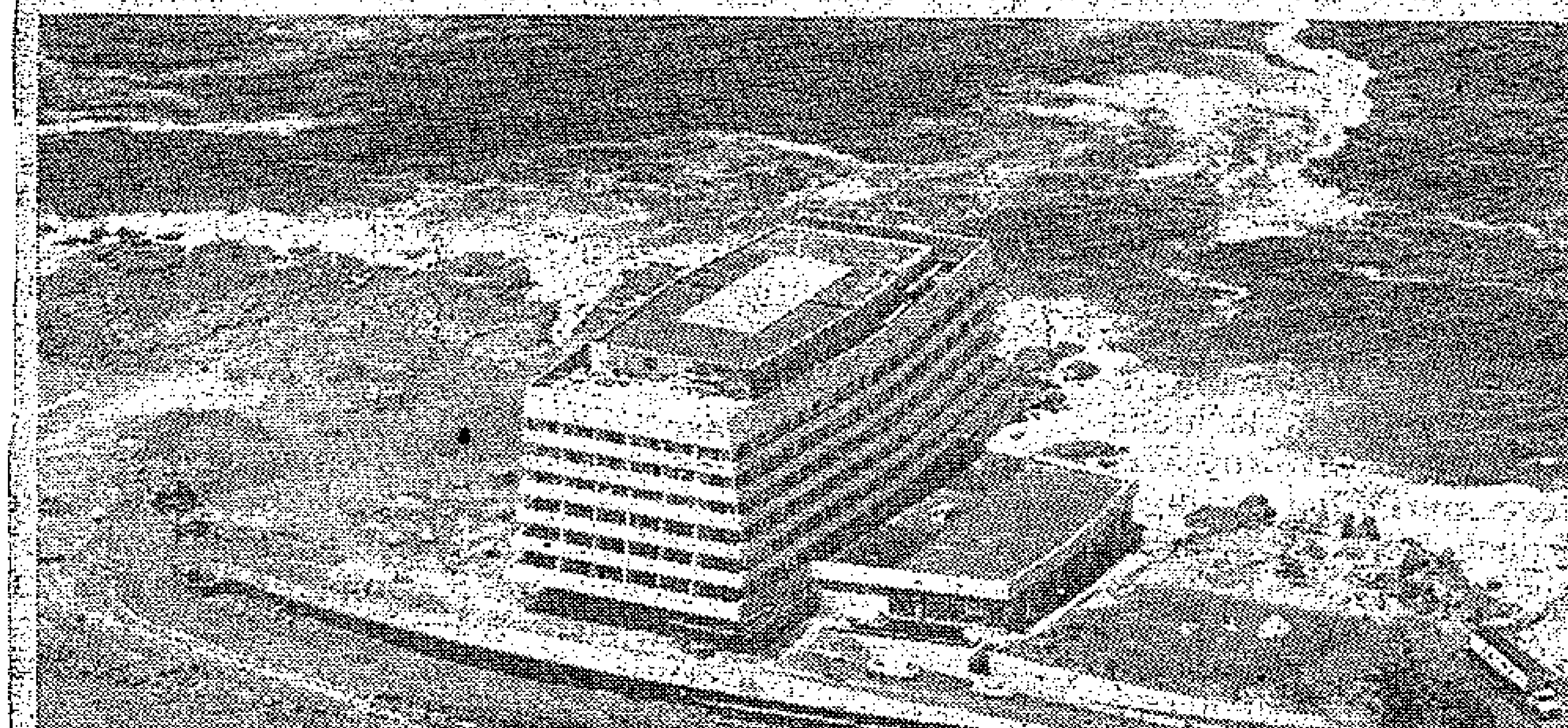
"We are looking at crowd control to ensure 'peace of sand'," he said. "Our beaches can never comfortably accommodate everyone, especially during peaks when we've seen up to 250 000 people on our beaches."

He rejected claims that pay beaches would become exclusive white areas. He said "people of colour" made up about 32 percent of the occupancy in Durban hotels throughout the year.

"If they can afford to pay for up-market hotels, they can afford to pay for the use of a beach offering limited access."

The area envisaged for development is bounded by the two North Beach piers. An entrance fee of R10 a couple has been suggested.

SST launches internal timeshare swop deal



Southern Sun Timesharing's Beacon Island resort will be included in the Sunswop programme

By Frank Jeans

Southern Sun Timesharing, a leader in the holiday-for-life concept, has added its muscle to the exchange side of the business with the formation of an internal swop system.

Called Sunswop, it will run in conjunction with the South African arm of the international holiday exchange group, Resort Condominiums International (RCI) which has a network of 1 500 resorts worldwide.

Sunswop will have a team of specialists responsible for a private label exchange programme covering SST's eight resorts around the country.

They are: Umhlanga Sands, Cabana Beach, Breakers (Umhlanga); The Palace (Durban); Beacon Island (Plettenberg Bay); Sabie River Country Club and Pine Lake Country Estate (Eastern Transvaal) and the Drakensberg Sun.

All other SST exchanges at local and international resorts will be handled as usual through RCI facilities.

Mr Gavin Michelmore, SST operations director, says: "We have developed Sunswop to give all our owners the opportunity to exchange holiday time and locations through a system managed by SST staff.

"This unique service is an automatic and permanent feature for all our 25 000 existing owners. New buyers will also benefit."

Mr Bruce Ravenhill, managing director of RCI, says: "The new system will use our advanced computer facility and will become operational from next January."

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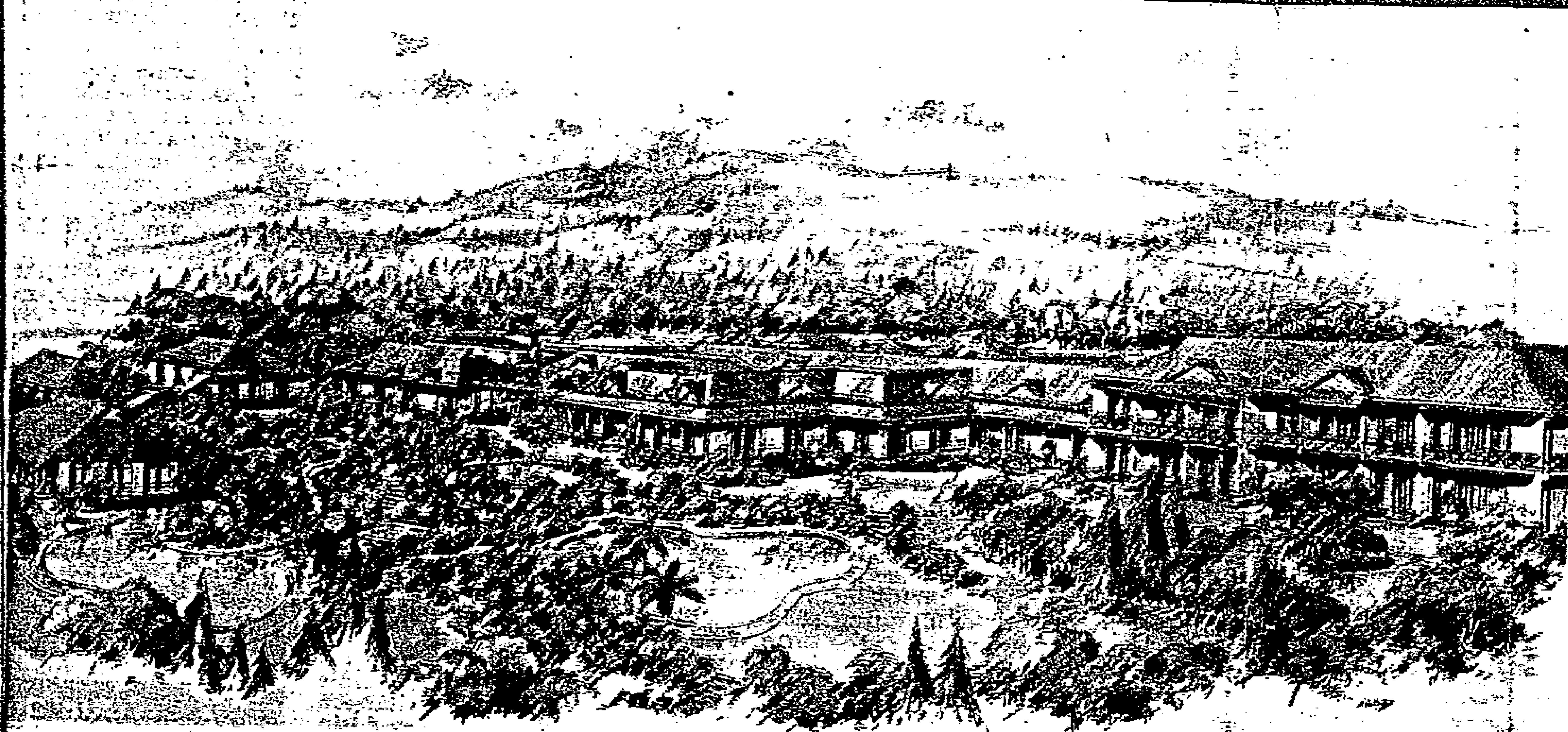

This artist's impression shows how the R15m resort hotel complex planned for Caledon will look when it is completed. Construction is due to start in August and the hotel is expected to open in time for Easter next year.

R15m hotel for Caledon

Financial Editor

A R15m resort hotel with water facilities including the famous spa is due to open in Caledon in time for Easter next year.

A spokesman for Plan Trust Development (Pty) said yesterday that it would have a conference centre, with "state of the art audio-visual equipment", which would be able to accommodate 150 delegates and keep the complex in use all year round.

But "our main objective is to provide a hotel resort with a high level of personal service".

The complex, on which work is due to start in August, will be built on 18 ha near the famous wild flower gardens. It will be on the site of the former spa resort which burned down in 1946.

The architect is J D Maresch, whose work includes the Sun City Cascades, Gold Reef City Hotel, Kwa Maritane, Malelane Lodge and the Drakensberg Sun timeshare.

The hotel will have 100 bedrooms as well as a lounge, a la carte restaurant and coffee shop, ladies' bar, pool bar, braaivleis area and play area for children.

"It will be an enormous shot in the arm for the economy of Caledon and its surrounding areas," the spokesman said.

Karos has credentials to be a star in hotel sector

Star 2/6/89 (288)

Diagonal Street

DEREK TOMMEY

The country's growing economy means that more people are travelling, more companies are holding conferences and, a fact of considerable importance to investors, the hotels are doing far more business.

Coming to the market in the near future is a company with a good growth record and well placed to benefit from these developments.

The company is Karos Hotels which is being listed by way of a reverse takeover of cash shell New Bernica.

It has been in the hotel business for 19 years and today operates 10 three or four-star hotels in the major centres and major tourist spots with the exception of Durban and Port Elizabeth.

It is also in the time-share business and has started construction of a 100-roomed hotel and timeshare development on a 90 hectare site bordering the Kruger Park.

Karos owns all but one of its properties — the exception being the Karos Manhattan Hotel in Pretoria on which it has a lease on favourable terms until 2001.

Owning your own hotels is a major bull point for the company and for its shareholders, says the group's founder, Mr Selwin Hurwitz.

As Karos will not have to pay increased charges the benefits of the higher revenue will go to its shareholders and not to property owners, he said.

Mr Hurwitz sees a number of reasons why the hotel industry can look to a buoyant future. Among these are:

- The increasing use by business of hotels for conferences and training meetings.
- The high cost of travelling overseas which is making more South Africans take their holidays at home.
- The high cost of building new hotels which gives existing good standard hotel operations a considerble advantage; and
- The comparative "cheapness" of South Africa holidays for foreign tourists.

Mr Hurwitz added that he was expecting a record number of foreign travellers this Christmas.

Since the 1985 troubles — which hit the hotel industry and the economy extremely hard — Karos has flourished. In 1987-88 Karos's taxed profit, before extraordinary items, rose 227 percent to R2,98 million. It then rose a further 120 percent to R4 585 000 in the 13 months ended March, this year.

For the 12 months ending March, 1990, Karos is forecasting an increase in earnings a share of between 42 percent and 60 percent, depending on the extent to which its capital is diluted by acceptances of its offer to minority shareholders.

Should its offer to minorities of 204,4c a share be accepted in full, earnings for the year ended March, 1990 are expected to be about 39,6c a share. If no shareholder accepts, earnings are estimated at 35,1c a share.

Dividends are to be paid on the basis of being two-and-a-half times covered by earnings. This means for the year ending March, 1990 they could range between 14c and 16c.

With New Bernica shares standing at 195c, the potential dividend yield is a highly attractive 7 to 8 percent, depending on the degree of dilution. The price earnings ratio also looks good, ranging between 5,0 and 5,7. Southern Sun is standing at a PE of 12.

On these figures, few New Bernica shareholders are likely to accept the offer to minorities. The shares are unlikely to trade below R2 for much longer.

Shareworld wound up

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SOUTH Africa's ~~first~~ multiracial entertainment centre, Shareworld, was provisionally wound up in the Rand Supreme Court yesterday, only 18 months after it opened.

The decision to liquidate Shareworld came after the Standard Bank withdrew its R45 million credit.

Shareworld creditors have lost an estimated R16 million.

The bank has however offered to refund the subscription share price of 50 cents to ordinary and preference shareholders.

The auditors of Shareworld, Aiken and Peat, recently claimed the company 'did not maintain proper books and records relating to operating expenses and collection of income.'

They said: "Proper books and accounts were, in our opinion, not maintained by the company relating to this expenditure and, in numerous instances, significant amounts were not supported by proper vouchers or other documentation."

Sowetan 5/6/87

KAROS (288) Finweek 9/6/89

Growth prospects

Documents on the reversal of Karos Hotels into New Bernica (NB) suggest minority shareholders should not opt for the Karos vendors' standby cash offer to NB minorities. The share, at 200c on Tuesday, was close to the 204,4c offer. On the documents, the new NB, renamed Karos, will have a net tangible worth of 238,2c-252,6c (as at April 1 1989); and growth prospects look attractive.

The NB range reflects the mechanism of NB's acquisition of Karos and the offer. Karos is being bought for R28m, to be paid in shares or cash or both. The Karos vendors will take only shares in the new entity (at 204,4c) if no minorities opt for cash. Theoretically, to the extent that minorities accept the vendors' cash offer, the vendors will take cash. In fact, informal underwriters are likely to take up any shares unwanted by minorities.

Depending of the outcome of the offer, 95% of the Karos vendors will hold 44,8%-63,6% of the new entity. That holding will form one element of the voting pool. Lifegro, which held 43% of the old NB, has undertaken to place another 10%, ensuring control for the pool. The cash shell contains R30,2m cash, which might not have been raised now in a rights offer.

Assuming no cash is paid out by NB to minorities, the reversal will add R26,1m to shareholders' funds and reduce Karos' gearing net of cash from 0,83 (mostly in mortgages) to 0,08. The directors have decided to keep their powder dry by not reducing the mortgages much, but keeping cash of R16m.

Major developments are on the way.

(288)

Karos's top directors were in Maputo this week, apparently negotiating a management contract on the Polana Hotel. Other major local and foreign hotel groups have also pitched, but the fact that the Hoffman family holds the title deeds, after it was nationalised without compensation in 1975, is a vital factor. The family's hotel group was merged into the new Karos group in 1987.

The group has been acquiring property for a development in Namibia. A hotel being built 50 m from the Paul Kruger Gate of the national park is typical of an innovative approach. Timeshare developments are peripheral to existing hotels, using their facilities and adding to their accommodation when unoccupied. On existing hotels, Karos's optimism is based on high bookings for training and conference facilities, increased local tourism and the prohibitive cost of new hotels. These should offset recession.

The group aims at a three-star image, but may upgrade in some cases in future. Occupancies have risen recently and were at 59% last year. Additional occupancy creates great leverage for profit. A 1% rise adds about R0,6m to the bottom line, the directors reckon.

Forecast EPS in the year to end-March 1990 are 35,1c-39,6c — a p:e of about 5,5 on the current price. The forecast dividend yield is around 7,5% on cover of 2,5. There seems little downside potential.

Teigue Payne

Two-star hotels are top choice of tourists

Star 13/6/89

By Norman Chandler, Pretoria Bureau

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South Africa's one and two-star hotels are outstripping all others in the battle to woo foreign tourists.

Central Statistical Services says that 38,6 percent of the 131 000 bed nights sold to tourists during February were in these cheaper establishments and their figures show a steady rise in the popularity of two-star hotels, in particular, over the last 12 months.

Hotels which are showing a marked decline in attracting foreigners are five-star hotels, down by nearly 5 percent over the February figure.

Three-star hotels have kept a steady share of the market (in March it was 25 percent) while four-star establishments have remained at a constant 12,9 percent of bed nights sold.

TAIWAN AND JAPAN

Visitors from the United Kingdom and West Germany were the largest group (50,9 percent in all) to stay in South African hotels while there had been a virtual invasion from Taiwan and Japan in the first three months of this year.

The most popular tourist areas were the Cape Peninsula, Johannesburg, Durban and Umhlanga, the Garden Route, and the eastern Transvaal.

One area foreigners are giving a wide berth is the OFS, which attracted only 1,5 percent of tourists. Just under 44 percent of all tourists stayed in Cape Province hotels, 34,4 percent in Transvaal holiday areas, and 20,2 percent in Natal.

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Tourist facilities 'will have to be shared'

By Norman Chandler,
Pretoria Bureau

White South Africans will have to get used to sharing tourist facilities with blacks, says a South African Tourism Board report.

And it also hints at discrimination at resorts where owners hide behind the "right of admission" rule to keep facilities out of the reach of black tourists.

One of the problem areas for tourism generally is a white backlash "because of perceived cultural differences" between the races. The report adds that it is "not the difference in ethnic groups but the difference in class-culture which shapes needs and preferences and affects tourists' behaviour".

The report, undertaken by Satour's Research Unit No 1, says discrimination persists in spite of the removal of various legal constraints over the past few years.

Discriminatory legislation had, however, resulted in "a drastic and far-reaching, long-term effect on black domestic tourism".

The research, under the leadership of Professor J Butler-Adam of the University of Durban-Westville, has shown that "persons directly involved in the tourism industry see the potential growth as very exciting".

"As the white population is declining and the black population is growing, the only real growth potential for domestic tourism is in the black sector, particularly the African group."

But this is being hamstrung by the continued implementation of the Group Areas Act, the Separate Amenities Act and the Liquor Act.

The Separate Amenities Act and the Liquor Act precluded blacks from having no access to better resort amenities while the industry believed the retention of the Group Areas Act was the major stumbling block in the provision of holiday flat and timeshare accommodation and in the development of new facilities.

While wealthier black tourists have been able to use many facilities previously barred to them, problem areas exist.

These are identified as the "right of admission" rule which is being exercised to exclude tourists. There was no way potential black tourists could actually find out which facilities were open to them and marketing generally was aimed at the white tourist, resulting in the perception that there were limited options open to blacks.

"The black tourist has a great fear of rejection and humiliation," the report adds.

One conclusion drawn is that "white South Africans need to urgently acclimatise to the new experience of sharing facilities".

BUSINESS PERSONALITY OF THE WEEK

One of the world's great hotels

w/c ARGUS 17/6/89 288

By DICK USHER
Business Staff

MOUNT NELSON HOTEL

★★★★★TYYY

Nicholas Seewer . . . nothing but the best.

THE Mount Nelson is going to be one of the world's great hotels — again — if new general manager Nicholas Seewer has anything to do with it.

Since it opened in March 1899 "The Nelly", as she is affectionately known, has been the epitome of discreet luxury and gracious hospitality, a famous Cape Town landmark known around the world and patronised by celebrities both famous and notorious.

Nick Seewer, appointed general manager in the wake of the hotel's change of ownership last year, sees South Africa developing as a very important destination for international tourism on which the Mount Nelson can capitalise by polishing up its aura.

Born in India of Swiss parents, 40-year-old Mr Seewer originally wanted to be an accountant. But perhaps the travelling he did with his parents, during which he stayed in many of the world's great hotels, imbued him with a touch of the romance associated with these establishments and when it came down to making a career choice he chose the hotel industry.

He attended hotel school in Switzerland and won the Swiss Hotelkeepers prize as top student in his three-year diploma class before embarking on a career that started in France, led him to Kenya and then South Africa in 1974.

Then he left in search of wider horizons, basically wanting to own a hotel in England but found prices out of his reach and, after a spell managing the de luxe flagship of the Crest group in Maidenhead, jumped at the chance when the offer of the Mount Nelson appointment afforded him the opportunity of returning to Africa.

His aim of placing the hotel among the world's greatest is to be accomplished through a dual strategy — enhancing the ambience and moulding the right team.

"You can have the most wonderful hotel building in the world, but it means nothing if the staff are not a team and working together towards a common goal," he said.

(See Page 3)

One of the world's top hotels

w/c ARGUS 17/6/89 (From Page 1) 288

His first step was to stay in the hotel and has so far spent a night in about 40 bedrooms.

"Nobody sees a hotel more clearly than a guest and from that point of view I could assess what the hotel's housekeeping and food service needed.

"In the past two weeks I've spent a day in each department with my deputy, getting to know the heads of department and their staff, learning about the strengths and weaknesses in each.

"We've moved a long way already, but I've tried not to move too quickly because you can destabilise your staff and it is important to take them with you and see that you understand their problems also," he said.

Refurbishmenmt is based in detail — new guest linen for the rooms, making sure the cushions on chairs are the right thickness, the proper fragrances for soaps, upgrading the stationery, attractive flower arrangements, new table linen ...

The list of what falls under the eye of a hotelkeeper, especially the nation's premier hotelkeeper, is almost endless.

At the same time Nick Seever wants to upgrade all the restaurants and replan menus, promote the Mount Nelson as a venue for weddings and private functions and place more emphasis on conferences.

"I want this to be the meeting place of Cape Town," he said.

Already an interior designer has been appointed with specific priorities to refurbish the smaller conference rooms, the new wing bedrooms and the bigger public areas.

But the building and its equipment are only part of the plan.

The staff has to become part of it all, they have to be enthusiasts and Nick Seever sees his task as imbuing them with that enthusiasm.

"You cannot have good staff/guest relations unless you have good management/staff relations.

"Here communication is very important. Not only do you have to make sure people understand new ideas and thinking, but you have to be able to hear suggestions from people. They are, after all, our most important asset.

"All staff have to work as a team and every member of the team should have a set of clear goals and work towards them," he said.

"And then you need a mature relationship with employee organisations in which each side respects the other."

To this end a training and personnel manager has been appointed.

In the end, Mr Seever sees himself not as a player in the orchestra, but the conductor.

"Set the goals, set the tasks and then make sure everyone plays their part."

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San Lameer to get R85m twin resort

By Udo Rypstra

RETURNS on Sanlam's investment in Natal South Coast resort San Lameer are so good that it plans to build another one next to it.

Long-term plans include developing a township, Impenjati, on the north side of the estate. It entails building 232 villas at a cost of R85-million between 1991 and 2000.

Sanlam has injected R54-million in 12 years into the 134ha San Lameer project, in which many corporate clients have bought a stake.

Hedge

Sanlam executives say sales were painfully slow in the beginning, but have picked up in the past few years. Sanlam has received a return of more than 33% on its investment, says resort executive director Dallas Reed.

The development now comprises a hotel complex (managed by Protea Hotels) and 350 villas, of which 18 were offered last month for between R235 000 and R325 000 each. Eight have been sold.

A R4,5-million project to build 18 villas overlooking the resort's golf course is likely to get under way early next year.

Mr Reed says a low sales rate was expected because of rocketing bond rates.

"But the market remains surprisingly strong. It shows that many people regard property as a hedge against inflation."

Mr Reed attributes the good sales to more aggressive marketing, using the resort's efficient 24-hour security system as one of its major attractions.

A total of 84 villas have been sold for R16,2-million in the past two years. In the past two months alone, San Lameer sales numbered 11 units for a total of R2,7-million.

Estate manager Don Watson says: "The best reason for buying a villa is the variance of only 7% between new and resales, which indicates that capital appreciation is enormous. Only a few villas have resold, which says a lot for our product."

A six-year-old villa bought for R67 000 sold recently for R325 000 — the price of a new four-bedroom one.

Other owners who sold their villas in the past four years have also done well in terms of capital appreciation (See diagram).

SAN LAMEER — PURCHASE AND RESALE VALUES

Villa No.	Original sale		Most recent sale		Difference		Compound growth (% p.a.)
	Date	Price	Date	Price	Period	amount	
2903	09.05.77	R 45 000	02.03.84	R170 000	7 yrs	+R125 000	(21%)
1913	05.08.80	R 34 000	17.03.84	R 90 000	3,5 yrs	+R 56 000	(35%)
1920	19.08.80	R 35 000	09.08.85	R132 000	5 yrs	+R 87 000	(30%)
2017	28.12.79	R 51 000	25.09.87	R165 000	8 yrs	+R114 000	(16%)
2024	21.03.77	R 39 500	29.10.87	R180 000	10,5 yrs	+R140 500	(16%)
3118	05.08.82	R135 000	01.04.88	R237 000	6 yrs	+R102 000	(10%)

Tourists' cars hit by 'Wit Wolf' vandals

Sowetan 19/6/89

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EIGHT cars belonging to Lesotho tourists staying at a Rustenburg hotel were vandalised at the weekend by suspected right-wingers.

Police are investigating charges of malicious damage to property.

The words "Wit Wolf" were scratched on the paintwork of one of the vehicles, a Mercedes.

Western Transvaal police spokesman captain Ben van Heerden confirmed detectives were investigating the incident which happened outside the Cashane Hotel in Steen Street after an argument broke out between three white men and the Lesotho tourists.

The whites had apparently insulted the visitors. Vandals also kicked off the number-plates of the cars and scratched their paintwork.

Afrikaner Weerstandsbeweging leader Mr Eugene Terreblanche announced only two days earlier that he intends standing for Parliament in Rustenburg.

R100m leisure giant created

BIDay 19/6/89

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BRUCE ANDERSON

TOLLGATE Holdings' Entercor group is to be reversed into DCM-listed Deale & Huth, creating a R100m leisure giant which will be listed in the beverages, hotels and leisure sector of the JSE on August 7.

The new leisure giant's core business will be luxury charter and intercity coach services, tourism and travel services, sport promotion, communications and marketing services and the manufacture and distribution of cycling equipment.

The R33,3m deal will be settled by the issue of more than 17-million consolidated shares at an effective price of 195,5c.

Authorised share capital was increased to 37,5-million shares of 4c each to facilitate the issue.

The arrangement rationalises the relationship between Entercor, Deale and Tollgate Holdings.

In August last year, Entercor acquired 50% of Deale, then disposed of its stake to parent Tollgate Holdings at original cost.

Individual Entercor companies are currently better known than the group, says MD Robin Binckes, something which he believes will be changed by the listing.

Hotel occupancies on increase

Star 20/6/89

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Finance Staff

Despite the action taken by the authorities to cool consumer spending, the hotel industry has continued to show an increase in room occupancies, says Meyer Kahn, chairman of Southern Sun.

He says in the group's annual report that occupancy levels in South African hotels grew by 6,6 percent in 1988 to reach an average of 54 percent for the year.

Mr Kahn says a slightly higher growth pattern was seen in January and February of this year.

The relatively stable politcal environment and the weak rand had led to a resurgence of international tourism.

● Sun International said yesterday that it had acquired a controlling interest in the Sands Hotel group, which owns the Kalahari Sands in Windhoek, with effect from July 1 this year.

An extensive refurbishment programme has been planned for the hotel's public areas.

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SUN CITY CRIES 'FOUL'

THE South African Musicians Alliance had adopted a "negative stance" by opposing the visit by the Commodores to Sun City in July, Sun International said yesterday.

Row over visit by Commodores

By VICTOR METSOAMERE

Entertainment director Hazel Feldan said: "For Sun City to become the target of the anti-apartheid movement is hypocrisy. Sun City is one of the few places in Southern Africa where there was absolutely no apartheid.

She said there were many inconsistencies in the "negative" stance adopted by Sama in their statement released earlier this week condemning the Commodores visit.

According to her Sama had overlooked the fact that Sama members performed regularly in Bophuthatswana.

They had performed at the Marula Sun, Thaba 'Nchu Sun and Mmabatho Sun. Sama members performed at other "independent states" such as Transkei, Ciskie and Venda."

"This negated the homelands argument," she said.

"Sun City is a regular venue for top black boxers. Why not musicians?" she asked.

She claimed that Sun International's attempts to speak to Sama had been ignored. She stressed that Sun International's response to Sama's "negative reaction" to the Commodores visit was not an invitation to a confrontation between the two parties, but an attempt to set the record straight.

According to her it was disappointing that Sama had failed to notice the Commodores' anti-apartheid stance.

The group had not avoided consultation with anti-apartheid structures inside and outside South Africa but was prepared to talk to them. She was prepared to arrange a meeting between Sama and the Commodores.

Supporting her allegations of "hypocrisy" Feldman asked why was it acceptable to have top class overseas acts to perform at countries such as Zimbabwe and Botswana when support from South Africans made these shows financially viable.

Sama yesterday reiterated their strong opposition to the Commodores visit.

A Sama spokesman said that the Commodores and Sun International did not get the feeling of anti-apartheid movement in South Africa before agreeing on the forthcoming concert.

He said that Sama was prepared to meet Sun International.

Meanwhile the Pan-Africanist Congress has condemned next month's tour of South Africa by the Commodores and urged "oppressed South Africans" to boycott the band's shows.

The Pac told *Ziana*, the Zimbabwe national news agency, that the decision by the Commodores to perform in Sun City in Bophuthatswana in July was "a kick in the teeth" for the struggle against apartheid. — Sapa/

Sun International's Hazel Feldman (right) at a Press conference. On her right is an executive of Sun International, Mr Ian Heron.

SA tourism facilities 'not world standard'

Cape Times 24/6/89

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South Africa's tourist boom has brought widespread benefit to all sectors of the tourist industry and to the economy generally. But another strong warning has been sounded, from an unexpected source, about "inadequate" and "below-standard" tourist services in this country. CATHY HOOPER reports.

P.T.O.

Criticism good for SA tourism

CAPTOUR MD John Robert, who was among the delegates at the SATSA conference last weekend at which Uli Ulbrecht of West Germany slammed tourism standards in SA, said yesterday:

"Whether we agree with criticism of this kind or not, we cannot afford to ignore it, particularly when it comes from a professional tour operator from West Germany — the fastest growing source of tourists to this country.

"He is in effect warning us not to kill the goose that lays the golden egg and against the background of criticism of this kind, perhaps this is a good time for all organisations concerned in tourism in SA to get together and seriously take stock of our situation, with a view to striving for ever higher standards.

"Tourism relies heavily on word of mouth; on the passing on by tourists to their fellow-countrymen their impressions of and experiences in this country. And in this respect I would like to see a start made with our tour guides.

"We really must make a greater effort to ensure that our visitors are shown around by people who are not only professional, knowledgeable and objective but who also help create a favourable impression of this country and enable tourists to go away with pleasant memories of their visit."

A LEADING West German tour operator has slammed Cape Town and the Garden Route in particular for failing to provide internationally acceptable tourist services.

West Germany recently became the fastest growing source of foreign tourists in South Africa.

The attack, at the annual meeting of the SA Tourism and Safari Association (SATSA) in the Eastern Transvaal last weekend, was made in the presence of national and regional representatives, including Satour and Captour.

Guest speaker Uli Ulbrecht, chairman of the Arbeits Gemeinschaft S Afrika (ASA), said the entire SA tourism market, starting at Jan Smuts airport near Johannesburg, was "overpriced and under potential".

South Africans must not be deluded into believing the traveller from overseas could enjoy a cheap holiday here, with top-quality tourist services.

Tours to SA were, for travellers from West Germany, the most expensive with least value when compared with such other long-haul destinations as Kenya, Australia and Brazil.

SA 23rd

Recent research showed that of 24 countries with tourist ambitions, including some Third World countries, SA rated only 23rd on the basis of efficiency and tourist infrastructure.

Ulbrecht said that with 800 000 tourists in South Africa in 1988, the whole SA tourist infrastructure must be radically improved if the country wished to achieve a projected 1,2 m tourists in the next 10 years.

Slating Cape Town and Garden Route tourism venues and services he said that there were not enough high-grade hotels and that tour coaches were sub-standard "disasters" subject to frequent breakdown.

Coaches in South Africa, he said, fell far short of internationally accepted standards in quality, availability and comfort and South African Airways coaches were "normally very old, half-damaged and dirty".

In the high tourist season many German tourists were declining to travel in motor coaches here.

Time-share

Another complaint from German travellers concerning motor coaches was that often they had tinted windows that did not open, making photography from the vehicles impossible.

A number of the better hotels were no longer fully available to tourists because of intensive time-share marketing of hotel accommodation.

He also criticised:

- SA tour guides, who were becoming "more and more unfriendly", and tour-guide licensing here which was "not up to international standards".
- Camper vehicle services, which offered "old-fashioned" vehicles of a poor standard.
- The fact that car-hire services, which were otherwise praiseworthy, did not supply adequate town and country maps with their vehicles.
- The "insufficiency" of air connections between Cape Town and Port Elizabeth and schedules not attuned to the needs of the overseas tourist.
- The use of direct-route "autobahns" by tour operators, despite requests from German tourist firms that coaches should be routed along rural roads to enable passengers to see something of the countryside.

Ulbrecht said the handling of incoming tourists at Jan Smuts was substandard and he specified long delays caused by separate passport controls, "slack" plane-landing and luggage and customs control — and a "totally unprofessional" approach to the international traveller on arrival.

Spencer Thomas, executive director of the SA Tourist Board, said this week that time-sharing could only upgrade Garden Route tourism but that a happy medium would have to be struck between time-sharing and the traveller from overseas.

This was now being looked into by Satour.

Satour was also considering tourism as an industry being divided into provinces where finance, development and marketing were individually concerned.

SHOCK LAW THREATENS POPULAR WATERING HOLES

AXE OVER CITY PUBS

24/6/89

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By VIVIEN HORLER
Weekend Argus Reporter

SHOCK new legislation — due to become law soon — threatens to close some of Cape Town's most popular pubs.

Among the pubs at risk are the hugely popular Foresters' Arms, Barristers, Seagulls, the Fireman's Arms, the Perseverance, the Heidelberg, the Diaz Tavern, the Crow Bar, the Vasco da Gama, the Harrington, the Brass Bell, the George, the Brunswick and the Windhoek Stubbe.

The threat looms over the future of the traditional wine and malt pubs because of the provisions of the new Liquor Act. The licensees fear they might be forced to close down.

They are threatened by a new provision that will automatically switch wine and malt licences to restaurant licences, which means patrons will have to buy a meal to get a drink.

"If this legislation is enforced it will mean the end of the traditional Cape pub," said Mr Graham Griffin, chairman of Pubs of the Cape, a sub-section of Fedhasa.

A city attorney who specialises in Liquor Act-related cases said the Act was clear. "You will not be able to have a drink without buying a meal."

He said he had spoken to senior members of the Liquor Board: "It is in line with and a result of government policy, which is that liquor should be consumed only with food."

There is still confusion over the precise nature of the threat facing pubs, because while the new Act has been signed and gazetted, it will be promulgated only when the regulations governing its application are completed. These regulations still have to be advertised for comment.

SA Breweries spokesman Mr Gary May said: "Nobody can say at this stage whether there will be special dispensation for holders of the old licences.

Historic landmarks

"If no such dispensation is made, the pubs will be forced to change their trading patterns or close. We would find that most unfortunate and SAB strongly urges the authors of this Act to try to find a way to allow these historic landmark pubs to continue to trade in the traditional way."

The Act rules that a pub may sell liquor only "to a person taking an ordinary meal purchased on the licensed premises".

The law defines "an ordinary meal" as one that "does not consist only of refreshments". Refreshments are not defined, but it would seem safe to assume bowls of peanuts or chips do not count as a meal.

Pubs which are part of hotels like the Cafe Royal and bars like those at the President Hotel, the Inn on the Square, the Stag's Head, the Junction, and the Railway Hotel will not be affected as they fall under the hotel's liquor licence.

A spokesman for the Liquor Board in Pretoria broadly confirmed the interpretations of the Act.

"If the pubs get restaurant licences, then the new law says a meal will have to be served when you order a drink. But this law is not in effect yet. People can still comment on it."

Most of the wine and malt pubs, which exist only in the Cape, came into being during World War 2 when thousands of troops swamped existing hotels and new venues were needed. At one stage there were 32 licensed premises in Long Street alone.

Mr Griffin said: "If this legislation is enforced I'd say 80 percent of the Cape's traditional wine and malt pubs would no longer be economically viable. They don't get much evening trade and they couldn't survive on their lunch trade."

Fernando Reis, licensee of the George in Waterkant Street, said: "If this law is introduced I won't survive. People come in here for a couple of beers after work — they don't want to eat then. Or they come in late for a port — they don't want a meal.

"I'm not happy about this at all."

He was echoed by Norman Russell, licensee of

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Forex reserves set to improve

By Sven Lünsche

Despite the weak gold price and dwindling foreign exchange reserves, the country has been able to meet this week's $250 million debt repayment without resorting to gold swops.

The Governor of the Reserve Bank Dr Gerhard de Kock said yesterday the debt repayment due tomorrow had been met and he was optimistic that the country's foreign exchange reserves would improve over the next few months.

However, he did not rule out the use of loans against gold to meet part of the dividend and interest payments due at the end of June.

Economists have been expressing concern over the recent disappointing performance of the gold price and foreign exchange position, believing it would force the Reserve Bank to use gold swops to finance the repayment due this month.

The total value of the reserves in May rose only one percent from end-April to a level of R5,2 billion, but the rand value of the reserves has once again been artificially inflated by the weakening rand/dollar exchange rate.

The dollar value of the reserves actually fell to about $1,87 billion, the lowest in seven months and 10 percent lower than at the beginning of the year, mainly reflecting the lower dollar value of the gold reserves.

Trust Bank economist Nick Barnardt warned in a recent economic report: "The concerning aspect of the disappointing foreign reserve performance is that foreign debt and related interest payments of about R1,4 billion in June, exceed the forex component of the reserve holdings, which amounted to a mere R1,34 billion at the end of May.

"The debt payments will be successfully met — but only through some gold swops, a drain on the forex reserves of the banking sector and further utilisation of short-term overseas credit facilities," Mr Barnardt said.

Gold swops

But Dr de Kock, while admitting that earlier gold swops are maturing this month at a substantial cost to the economy (given the recent decline in the gold price), said no swops were necessary to finance the current $250 million (R750 million) debt repayment.

In addition, he said, substantial repayments outside the net were made in previous months, "but we are now looking at a fairly quiet period until the next debt repayments inside the net are due in December."

Until then Dr de Kock is optimistic that the reserves can be built up to satisfactory levels.

"Imports are already slowing down. In real terms imports in the first quarter this year were down on the first quarter and the last quarter of 1988 and much of the current momentum derives from orders for capital equipment which were made six to nine months ago.

"Seasonal debt and dividend payments to outside shareholders could well result in a slight decline in the reserves this month, but the curbing effect of the austerity measures on imports should ensure that figures in July and August will look much healthier," Dr de Kock said.

He admitted, however, that the latest plunge in the gold price, coupled with the higher US dollar and rising overseas interest rates, were a matter of concern and "dispel any thoughts of relaxing our monetary policy".

"For the moment there are no plans to tighten monetary policy, but if gold falls further we will have to take another serious look at the situation," Dr de Kock said.

Some relief could be forthcoming as most analysts predict that the rally in the dollar will not continue [illegible]

Axe over city pubs

■ From Page 1

the Fireman's Arms in Buitengracht Street. "If they pass this law I'll be out of business.

"I mean, picture it. Four hundred people leave rugby at Newlands and go to Forries for a beer, but before they can be served the restaurant has to provide 400 steaks.

"The only way I could survive is to apply either for one of the new 'special' licences, which they haven't defined at all, or perhaps look into the possibility of getting a club licence.

"Which of course means no one would be able to come in here for a beer off the street — you'd have to be a member. And these traditional Cape pubs are popular with the tourists."

Gary Atkinson, licensee of the Heidelberg in Observatory, said: "They haven't really defined what they're planning to do yet, but I'm very worried. This pub's going very well, we're nice and full, and there's a great atmosphere on a Saturday afternoon when people can listen to jazz and bring their kids to play outside.

"As a rule hotels can't provide the same cosy, relaxed and easy atmosphere that you find in the Cape pubs."

But one publican, who asked not to be named, was not concerned about the legislation because he did not believe it would ever be implemented. "It'll be squashed. I don't believe it will ever happen because it's such a ridiculous law."

Mr Griffin believes the legislation is aimed at establishments which, although legally licensed as restaurants, trade as discos and which don't always have kitchen facilities.

"Wine and malt pubs, which you find only in the Cape, and which have been trading as legitimate businesses for years, are being lumped in with these sort of outlets. Frankly we'd be only too happy to see these places closed down ourselves.

"But this legislation is likely to have the opposite effect. I believe it would cause an upswing in illegal trade. When you have no licences, you have no control."

He said the pub trade was an important part of the Western Cape's social and tourist scene. It is economically worthwhile, too. According to Mr Russell of the Fireman's Arms, city pubs alone sold 1,2-million litres of beer in 1988, worth between R4-million and R5-million.

"If you add to that the wine and food and cigarettes, you could probably double that figure. We generate valuable business."

The new law is not popular with drinkers, either. Pubs keep people off the streets, according to Geoff Bailey of Lakeside.

"If you increased the number of pubs and decreased the number of bottle stores, people would drink indoors rather than on the pavement — and you don't find people smashing bottles or urinating in public inside a pub."

His companion, British-born Piers Chapman said: "This is a disaster. Surely if they need stronger control over outlets they don't like, all they have to do is revoke their licences.

"This is a crazy move that obviously hasn't been thought through properly."

MPs ready to call for urgent rethink on Liquor Act

W/t Argus
24/6/88

By FRANS ESTERHUYSE and VIVIEN HORLER
Weekend Argus Reporters

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OPPOSITION MPs will call for an urgent government rethink on the new Liquor Act if its enforcement is to result in the closing down of Cape Town's traditional wine and malt pubs.

Mr Roger Hulley, Democratic Party spokesman on trade and industry, said he would be surprised if the proposed legislation had this effect as it was never the intention to close down established, acceptable places.

"But if the letter of the law does have this implication, I would fully support a rethink on the regulations or the Act itself to enable decent venues to continue to operate."

Mr Tian van der Merwe, DP MP for Green Point, said if any of the traditional pubs in his constituency were to be affected, he would "most certainly" make representations to the government.

It would be "highly regrettable" if the new legislation resulted in the closing down of small pubs which constituted the livelihood of small entrepreneurs.

If this was the case, the government should "seriously rethink its attitude."

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Pubs in a froth over food rule

By ALAN DUGGAN and MANDLA TYALA

SOME of South Africa's most famous pubs may have to close their doors if the Government presses ahead with legislation making it illegal to drink without a meal.

Worried publicans say the proposed Liquor Act could spell disaster for many English-style pubs throughout the country.

The new provisions place pubs with wine and malt licences in the same category as restaurants, making it obligatory for them to serve food with drinks.

Hotel bars, which fall into a different category, are not affected.

In Cape Town the move is being viewed with growing concern.

Said Mr Graham Griffin, chairman of Pubs of the Western Cape: "In terms of the new laws, independent pubs will no longer be allowed to serve customers a drink — unless they order a genuine meal at the same time.

"This applies at any time of the day or night.

"So if you want to pop into your favourite pub for a quick pint with a friend — forget it. No meal, no drink.

"And snacks are not considered a meal," he said.

"Can you imagine having to serve 400 meals to a post-match crowd in the space of an hour? It would be impossible."

Mr Griffin said the proposed legislation was a grave threat to institutions such as Forries in Cape Town, the favourite watering hole for Western Province supporters after games at Newlands.

And the Government appeared to be "very serious" about placing curbs on pubs, Mr Griffin added.

"The legislation has already been gazetted — all it needs now is the State President's signature," he said.

Commented Mr Norman Russell, publican of the Fireman's Arms in Cape Town: "If this goes ahead, it will be a disaster for all independent pubs around the country."

The Fireman's Arms, which has been operating since 1905, catered for thousands of thirsty soldiers from troopships during the Second World War.

Mr Russell said there were about 45 independent pubs throughout South Africa.

"Fifteen pubs will be affected in Cape Town alone. Pub customers in the central business district alone spend around R5-million a year — and that's big business," he said.

Mr Russell was convinced the new laws were prompted by the recent visit by the Minister of Law and Order, Mr Adriaan Vlok, to Hillbrow where he discovered several seedy bars.

"We agree with Mr Vlok that there have been abuses and that some establishments should be closed down," Mr Russell said.

"But it's unfair to lump pubs in the same category as restaurants — because they are very different."

Mr Russell said he and fellow publicans were happy to serve meals, but they did not want this to be obligatory.

Said an irate Mr Mike Henderson, a regular at the Fireman's Arms for 20 years: "There's no logic to these new laws. You go to a pub for a drink, not a meal. That's what restaurants are for."

Sun group to pay back R900 000

280 280 288

Sowetan 27/6/89

By VICTOR METSOAMERE

SUN International is expected to refund between R450 000 and R900 000 for 30 000 unused tickets following the cancellation of the Commodores show at Sun City.

Tickets cost between R15 and R30. They were sold at Computicket outlets all over South Africa. Some were even bought in Lesotho and Botswana, said Sun International's entertainment director Hazel Feldman.

"Every single ticket will be refunded," Feldman said. "It is going to involve a lot of work though. Advertisements about the refund process will be placed in all major newspapers."

Feldman said that the US group had been billed for seven shows.

The eighth would have been in aid of a charity organisation of the group's choice.

"The cancellation follows intense pressure on the group from the South African Musicians Alliance as well as various overseas anti-apartheid organisations such as the New York based American Committee on Africa.

"We are saddened by this turn of events. This action restricts cultural freedom in the same way that apartheid abuses people's freedom of speech and choice.

"Despite Sun City's unequivocal anti-apartheid stance and longstanding commitment to stated aims of Sama, the Bophuthatswana venue has unfortunately become the scapegoat of the political situation in South Africa," Feldman said.

"We respect many of their views, but we feel it is totally hypocritical that their members will happily play at Mmabatho Independence Stadium and other homeland venues while singling out Sun City as the sole target for their campaign.

"We abhor and actively strive against apartheid. Likewise, we condemn any kind of bullying tactics and restrictive measures, of which this boycott is an example," Feldman said.

- Ticket holders can mail tickets with attached return addresses to: PO Box 11178, Johannesburg 2000.

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Commodores: Sun seeks talks with musicians group

By Melanie Gosling

The entertainment director of Sun International has written to the South African Musicians' Alliance (Sama) asking for a meeting to discuss the cancellation of the visit to Sun City by the American group, the Commodores.

The cancellation followed pressure from Sama and from overseas anti-apartheid organisations.

"I had a very brief telephone conversation with Johnny Clegg as he was leaving for the airport on Monday, but it was not possible to come to any conclusions," the entertainment director, Mrs Hazel Feldman, said.

"I hope a meeting with other members will sort things out. So far, I have not had a reply," she said.

Mrs Feldman said it appeared Sama had singled out Sun City from other Sun International hotels because of its international image.

ANGRY PROTESTS

The South African Musicians' Association, also known as Sama, but which had nothing to do with the cancellation of the Commodores, has been innundated with calls from angry people, criticising them for the Commodores incident.

"People are furious and have blasted us, not realising that we are a different organisation," association chairman Mrs Anne Sherman said.

Sowetan 30/6/89

Cultural boycott to top talks

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By VICTOR METSOAMERE

THE cultural boycott is likely to top the agenda at a meeting between the South African Musicians Alliance and Sun International.

Both Sama and Sun International confirmed yesterday that they would be meeting soon. Sun International's entertainment director Hazel Feldman said that the meeting would be in a "few week's time and Sama's spokesman, Jabu Ngwenya, said: "Possibly in a week's time."

Meanwhile, Ngwenya said that some of the statements from Sun International during the controversy leading up to the cancellation of the Commodores' July show at Sun City were too emotional and oblivious of the political situation in South Africa.

Dialogue

Feldman has confirmed that such statements had been uttered "in the heat of the moment."

The venue for the proposed Sama-Sun International talks has not been ascertained yet although Ngwenya has said that he would prefer the Sama offices in Newtown, Johannesburg.

Feldman said that she had received a telephone call from Sama yesterday which was in response to a letter from Sun International "urging the need to establish dialogue" between the two parties.