SERVICES SECTOR - ACCOMM. LIQUOR, & Catering

GENERAL

1989

July - DEC.

Rosevear resigns from SI

Star 1/7/89

FINANCE STAFF

288

Ken Rosevear

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

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

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

Mr Ian Heron, currently chairman of Sun International Limited will assume the position of chief executive officer of the group.

Ian Heron

S/Times 2/7/89 (288)

ALL RACES PERMITTED HERE — BUT NOT NEXT DOOR!

By BILL KRIGE

HUNDREDS of holidaymakers of all races mingle illegally at a lakeside timeshare resort in President P W Botha's former constituency of George where the Group Areas Act has gone out the window.

Just five kilometres away, coloured, Indian, black and white visitors to the conservative southern Cape village of Sedgefield mix legally — in timeshare units off roads named after pillars of Afrikanerdom and apartheid.

This week children of all races played tennis in Dr Malan Street and kicked balls in Hertzog Street, having been permitted by the Government to stay at the resort.

But other children, who play on the same streets, have not been given the same rights.

Moves are now afoot to force the strict application of the Group Areas Act, moves which threaten the investment of millions of rands in timeshare units both at Sedgefield and at nearby Pine Lake Marina.

Already 23 cases of illegal occupation are being investigated by police, according to Mrs Mary Anne van Rensburg, an outspoken opponent of timeshare in the area.

At the heart of the matter is the Group Areas Act which is shaping up as a major political embarrassment to the National Party in President Botha's former parliamentary constituency.

The legal quagmire created by the way the Act has been administered has confused everyone — even the developers.

Garden Route Chalets in Sedgefield and an associated lakeside development called Pine Lake Marina together offer thousands of weekly timeshare units, most of which have already been sold.

But while Group Areas exemption permits have been granted for some chalet sites in Sedgefield, they have been withheld for others. Moreover, an application to exempt the entire marina has failed.

This has led to major problems.

One coloured man who owns timeshare in an exempted Sedgefield chalet faces charges of illegal occupation because he was moved by the developers to a non-exempt chalet, according to Mrs Van Rensbureg.

"Look, I'm not a racist. To begin with they brought in a better class of coloured and Indian — the professors and teachers and so on. But now it's Mitchell's Plain riff-raff. Its very upsetting to the locals," she said.

She intends placing extensive documentation on the issue in the hands of the CP candidate for George, Mr Chris Spies.

According to the developer of both resorts, Mr Reg Hume, shareblock companies are non-listed public companies and operate under precisely the same rules which govern, for example, De Beers on the Johannesburg Stock Exchange.

This means that anyone can buy timeshare.

Mr Hume and the local representative of RCI, an international travel company specialising in timeshare worldwide, approached the Government six years ago and won approval for all developed Sedgefield sites to be exempted from Group Areas.

But subsequent exemption applications have been either stalled or refused — with the result that some sites are open to all and others, next door, are not.

An application to open Pine Lake Marina was refused last November but the Government has invited Mr Hume to re-apply. In the meantime, thousands of people of all races holiday there throughout the year.

"I am not in a position to police people who buy time and I am not prepared to do so," said Mr Hume.

"Moreover, RCI has more than a million clients worldwide and it never asks foreigners wanting to occupy a timeshare property in South Africa what race they are. They just don't work that way.

"People mix extremely well here. They play tennis and squash, have club facilities and marvellous water sports. There has never been a racial problem and I have never had residents complain. The only complaints come from outside," he said.

Karos coming to the market full of future promise

BDay 31/7/89

288

BRUCE ANDERSON

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

Karos comes to the market through a reverse listing into the New Bernica cash shell. The group has made a cash offer of 204,4c a share to Bernica minority shareholders, most of whom are expected to hold on to their shares.

Bernica acquired the entire issued share capital of Karos for R28m.

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

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

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

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

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

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

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

Waiting

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

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

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

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

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

Karos negotiating on Polana Hotel contract

288

By Jabulani Sikhakhane

Karos Hotels, which was listed on the JSE yesterday, is holding high-level negotiations with Mozambique for the management contract of the Polano Hotel.

Joint MD Stan Hoffman, whose family owned the Polana before it was nationalised in 1975, was in Maputo last week for further negotiations with the Frelimo government.

He said yesterday: "We are making some progress and should know in the next few weeks whether we get it or not."

Polano would be a lucrative development for Karos as the Maputo hotel has increased occupancy to around 80 percent mainly due to increased business and diplomatic activity. Its rates are set in US dollars which would make it a very profitable business.

Karos Hotels, which was listed by way of a reverse takeover of cash shell New Bernica, has shown good financial results in the 13 months to end March 1989 with taxed profits before extra-ordinary items rising 120 percent to R4,59 million.

M-Net programme director Tim Ellis says the decoder is the cheapest second generation decoder available in the world — and the way the rand is going the price is likely to go up, not down. While the sets are locally assembled by Tek and National Panasonic with 65% local content, many sophisticated components are still imported. ■

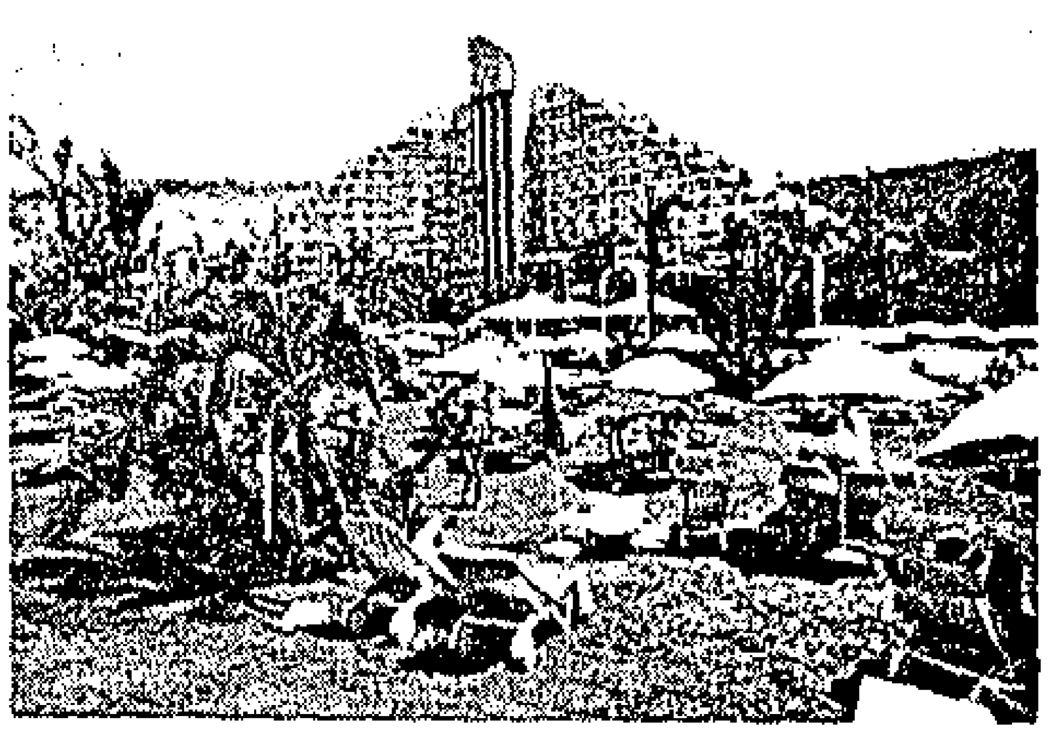
HOTEL INDUSTRY (288) Fmail 7/7/89

More room at the inn

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

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

Sun International (SI) completed the R18m Taung Sun at the end of 1988. On May 22 it opened its ninth hotel in Bophuthatswana, the R17m Naledi Sun near Thaba'Nchu. Two days later it opened the R46,5m Fish River Sun in the Ciskei. SSHI's recent developments are the R23m Malelane Lodge north of Sabie and the R25m, 140-room Landdrost in Bloemfontein. It also spent R5m upgrading Cape Town's old Heerengracht Hotel, now trading as The St Georges.



Sun City's Cascades ... pulling in tourists

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

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

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

(288) Fmail 7/7/89.

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

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

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

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

Long-term holiday saving for the timeshare buyer

By Udo Rypstra

HOLIDAY resort tariffs are set to soar by up to 20% a year, making timeshare an attractive alternative.

But a week's timeshare unit should not be seen as a financial investment, developers warn.

Southern Sun Timeshare, a timeshare developer, says the cost of accommodation and meals for four in a family hotel on the Umhlanga beachfront was R761 in 1983.

The projected cost for 1992 is R4 700, based on the assumption that hotel tariffs will rise by a conservative 20% a year. SST believes this inflation rate will apply until 1999.

SST says one of its customers has worked out his timeshare costs since 1983. The figures show he would have spent twice the amount if he had stayed in a hotel.

RATES

Three-star hotel group Karos puts future annual tariff increases at a minimum of 15% a year from a base of about R85 (bed and breakfast only) a person. The cost for a family of four would be R2 380 a week.

A five-star hotel now charges R120 a person for accommodation only, making the weekly total for a family of four R3 360 a week.

Main meals can cost more than R1 000 a week for four at a five-star hotel.

The R85 tariff will rise to R344 a night by 1999. The R120 tariff will rise to R743 a night, or R5 201 a week for one person in 10 years' time.

Some people argue that buying a holiday cottage is a better option. But a R100 000 cottage, if you can find one, with R25 000 down at today's bond rate, would cost R1 254 a month over 20 years, or R1 440 a month over 10.

The buyer has to pay for maintenance

Bill Rutherford ... happy except for the sharp rise in levies

and foot the bill for rates and taxes. Renting the cottage out would hardly cover the monthly repayments.

Owen Wiggins Trust, developer of the Port Owen marina timeshare project on the west coast, uses statistics (see graph) to show that a holiday flat, comparable to a luxury Umdhloti Rocks apartment sleeping four to six and now costing about R1 000 a week in the medium season, will go for more than R6 000 in 1999.

Its figures are based on an inflation rate of 18%. Some banks, it says, put the inflation rate in this instance at 28%.

Owen Wiggins says timeshare units are currently rented for between R600 and R2 000 a week. Top rents are paid, for instance, at Ovland's Bantry Bay scheme — as high as R5 000 for a week in December.

Further, it says the cost of a R10 000 timeshare unit now is expected to increase by about 15% a year. Therefore, the buying price could rise to R53 498 by the turn of the century — see table.

Owen Wiggins argues that if a family rents an Umdhloti holiday flat every year for the next 10 years, it will spend a total of R34 929.

Buying a caravan is a possible solution to the rising price of holidays. But a caravan is not cheap, is not used often and may be uncomfortable for some people. Many caravans need large cars to tow them.

The golden timeshare rule is to look for a reputable developer which is a member of the South African Property Owners Association timeshare committee and international exchange body Resorts Condominium International. Both have stringent timeshare vetting procedures.

Among those who urge prospective buyers to be careful are well-travelled property economist Neville Berkowitz and Commercial Union chairman Bill Rutherford, who owns cottage units at the SST Sabie River scheme.

Mr Rutherford says: "One has to look at the financial strength of the developer, his ability to put in trained staff, the location and availability of such staff and the facilities — I like my game of golf."

Self-catering facilities are important — eating in a resort's restaurant or hotel can inflate the holiday bill.

INTEREST

Many timeshare units costing less than R1 000 a week do not comply with RCI standards.

Mr Berkowitz says: "It has been suggested that the market is 38% oversupplied. If this is so, prices should fall."

An amount of between R3 000 and R10 000 will buy a medium season timeshare week in most resorts. SST offers serviced apartments including a kitchen in mid-season at its Cabana Beach Resort at Umhlanga Rocks. Karos Hotels offers a unit for four in its Kruger Lodge resort for the same price — R5 000.

The high season is more expensive. SST sells timeshare units for R15 000 to R45 000. Karos sells a R25 000 week unit to sleep six in its Mont-aux-Sources complex in the Drakensberg.

It has been argued that it might be better to invest R5 000 or R25 000 in an interest-yielding instrument, such as a five-year participation mortgage bond or a 10-year annuity, and use the income for holidays.

Partbonds currently yield about 18,5%, payable quarterly in advance. The R5 000 would earn R925 a year — hardly enough for a week's holiday rent — and R25 000 would bring in R4 625 in the first year. But this is less than a projected week's rental in nine years' time.

A drawback is that bond rates fluctuate and interest is taxed.

GUARANTEE

An exercise based on Liberty Life's income-generating 10-year annuity shows the effect of tax on interest earnings. A 35-year-old businessman earning R50 000 a year could expect an annual income of R3 709,11. But at a marginal tax rate of 45%, his net income would be R2 823,85 — enough for a week in a hotel until 1995.

By 1992, a timeshare owner who invests R5 000 now, would have recouped his money in cumulative holiday rands. He would also have spent an accumulated estimated R15 000 of his (taxed) income on hotel accommodation for four, including meals.

Buying timeshare on credit drives up the cost. SST, Karos and others will treat payment over six months as cash. After that the usual financial packages apply.

In SST's case, this is a 10% deposit, and the balance over up to five years at 3% above prime overdraft rate. Karos finances all deals internally for up to 48 months. Credit purchases could more than double the cost of a timeshare unit over five years at today's rates.

The rule here is that the more you borrow and the longer you take to pay, the longer it will be before you recoup your investment.

Some developers have built 10-year annuities into their packages guaranteeing the return of the initial investment, or part of it, after 10 years. But ownership of the unit usually ends as well.

In some cases levies are funded from the annuities' returns. Many packages are available and because some are complex, the buyer is advised to consult a lawyer or financial adviser before signing a contract.

Timeshare buyers should remember that the purchase price includes marketing costs.

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

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

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

WAGES

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

Karos charges R245 a year for a weekly unit and has built into contracts a clause guaranteeing an increase of no more than 15% a year for the first five years. It also says no hotel maintenance charges are imposed on timeshare buyers.

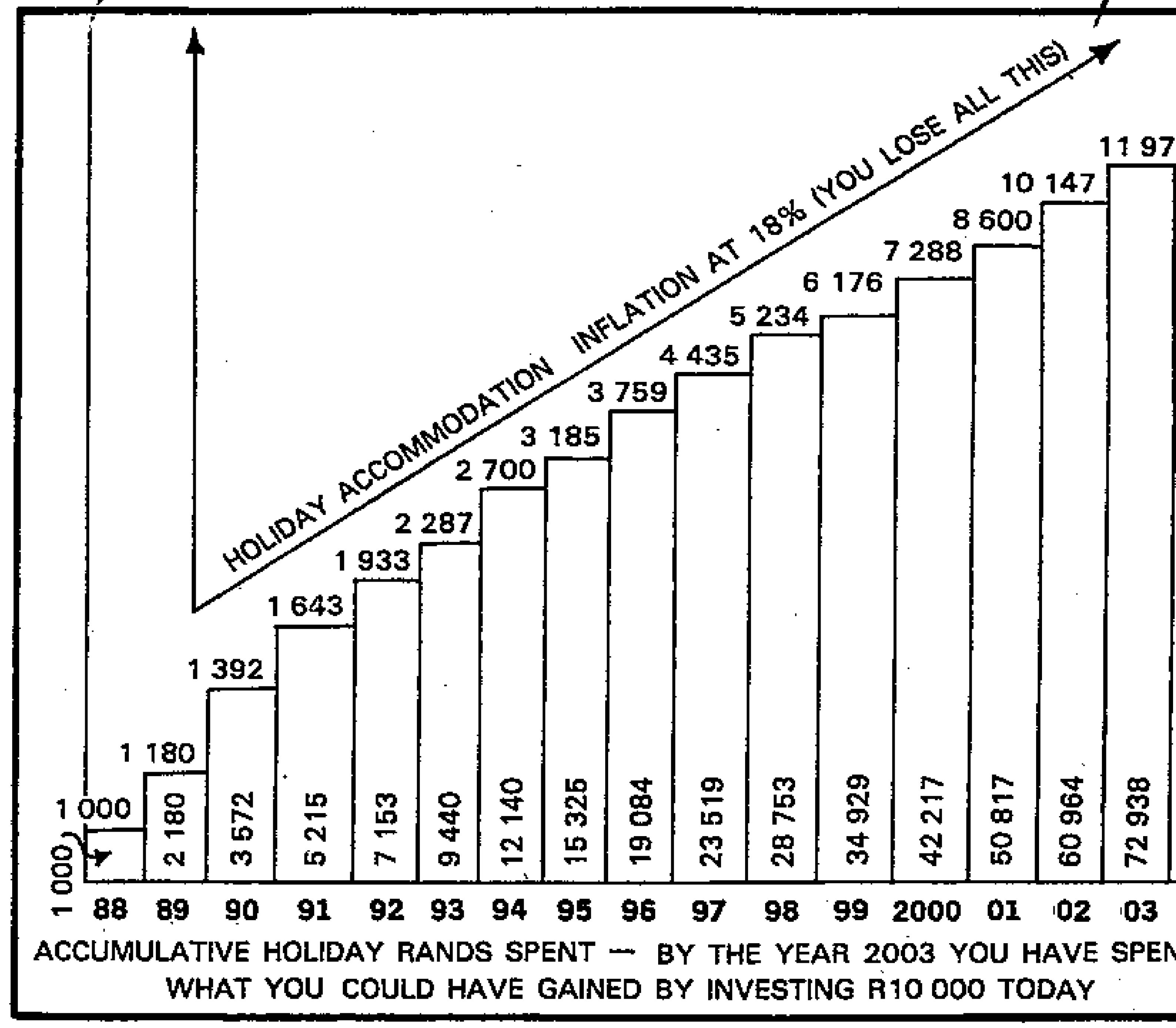
SST recently lifted its levies by up to 60% after a wage increase for resort staff. Its levy for the R5 000 Cabana Resort apartment is now R427 a year.

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

Real estate timeshare equity at 15% a year.

Base 1988: R10 000 a unit

1999	R46 520
1998	R40 452
1997	R35 176
1996	R30 588
1995	R26 598
1994	R23 129
1993	R20 112
1992	R17 489
1991	R15 208
1990	R13 225
1989	R11 500



This is how the price of a week's holiday accommodation in a rente luxury apartment at Umdhloti Rocks is expected to increase. Startir at R1 000 a week in 1988 (medium season), the cost will rise R11 974 by the year 2003. The total spent will be R72 938 — far le than the cost of a week's timeshare today.

Mrs Schofield says: "It should not be assumed that all developers' levies provide for the same items as Southern Sun Timesharing. Each developer's levy can be analysed to identify exactly what is provided for."

A prospective buyer should inquire what provision the developer has made for the future upkeep of the property.

RESALE

Timeshare units costing more than R1 000 should be exchangable through RCI, which offers 120 alternative locations in SA and 1 600 worldwide. Businessmen are especially aware of RCI's offer to exchange one week of timeshare in SA for two in the US. At today's rand-dollar exchange rates, it results in a saving in foreign holiday costs.

New exchange organisations have sprung up in SA.

Many buyers are worried about resale values. They are likely to be less than the buying price in the short term. Some people who bought in reputable resorts have made a profit, but should cons themselves lucky. Some developers resale divisions, but charge 20% com sion.

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

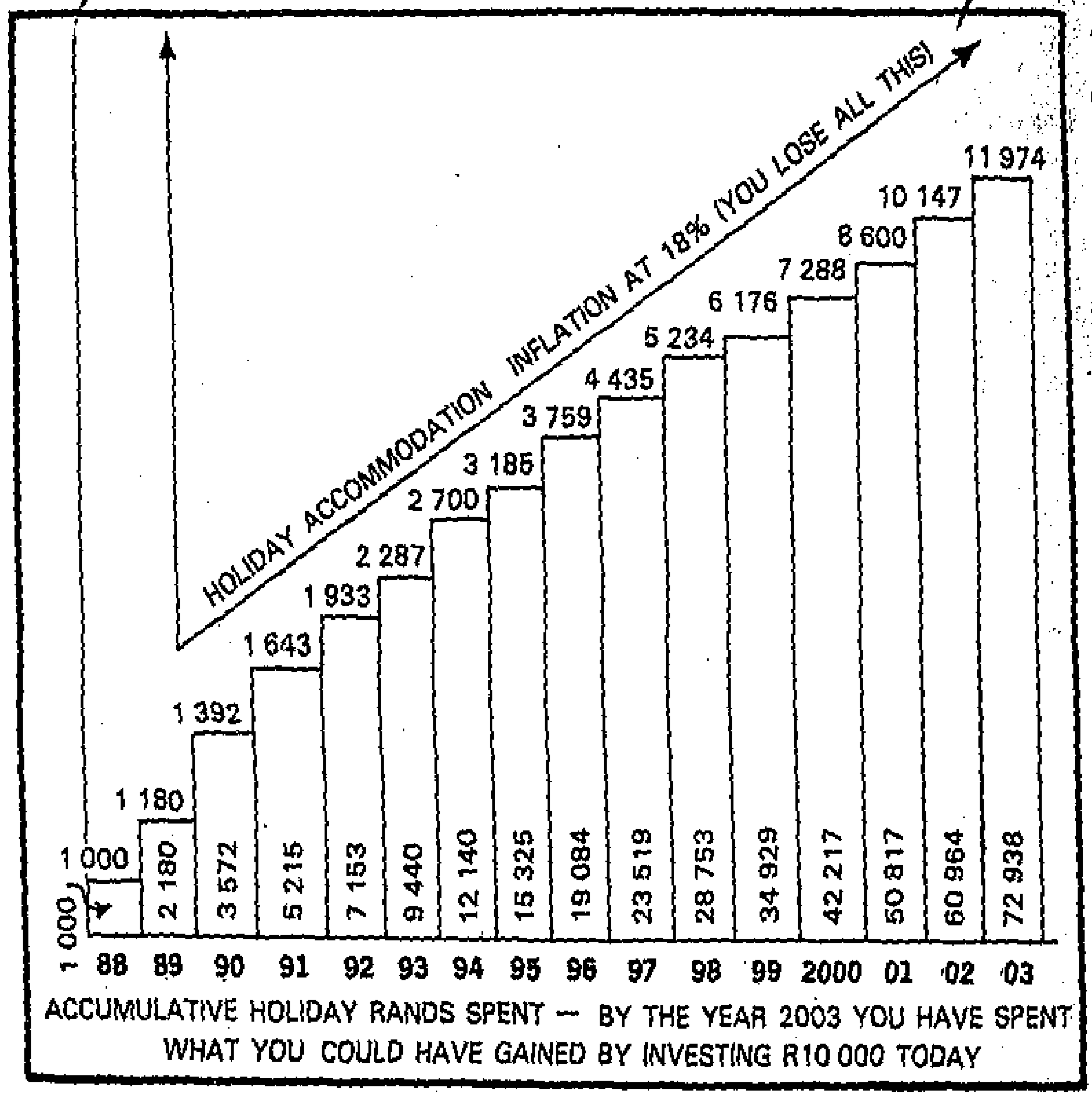
"The latest analysis of SST, audite Price Waterhouse, confirmed that in six months monitored the average ca growth was 51% with only 2% of ow not realising the purchase price."

Some timeshare brokers, and a p cation which has almost doubled in recently, Time and Time Again, spe ise in resales.

For those who cannot afford timesh it still pays to look at renting a cott Putting the Owen Wiggins figures to test, this writer and a colleague foun eight-sleeper beachfront cottage Ramsgate two weeks ago. The two f ilies of four each will share a serv unit for one week. The total rent is R for a four-bedroomed cottage with sw ming pool, kitchen and braai facilitie about R13,12 a person a day.

aving uyer

Real estate timeshare equity at 15% a year. Base 1988: R10 000 a unit	
1999	R46 520
1998	R40 452
1997	R35 176
1996	R30 588
1995	R26 598
1994	R23 129
1993	R20 112
1992	R17 489
1991	R15 208
1990	R13 225
1989	R11 500



This is how the price of a week's holiday accommodation in a rented luxury apartment at Umdhloti Rocks is expected to increase. Starting at R1 000 a week in 1988 (medium season), the cost will rise to R11 974 by the year 2003. The total spent will be R72 938 — far less than the cost of a week's timeshare today.

use the income for

yield about 18,5%, advance. The R5 000 ar — hardly enough rent — and R25 000 in the first year. a projected week's time.

ond rates fluctuate

on Liberty Life's year annuity shows iterest earnings. A an earning R50 000 annual income of rginal tax rate of uld be R2 823,85 — a hotel until 1995. owner who invests ve recouped his holiday rands. He an accumulated s (taxed) income for four, includ-

credit drives up others will treat is as cash. After packages apply. 10% deposit, and five years at 3% rate. Karos fi- ally for up to 48 ses could more a timeshare unit 's rates. the more you you take to pay, fore you recoup

built 10-year an- es guaranteeing investment, or But ownership of well.

In some cases levies are funded from the annuities' returns. Many packages are available and because some are complex, the buyer is advised to consult a lawyer or financial adviser before signing a contract.

Timeshare buyers should remember that the purchase price includes marketing costs.

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

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

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

WAGES

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

Karos charges R245 a year for a weekly unit and has built into contracts a clause guaranteeing an increase of no more than 15% a year for the first five years. It also says no hotel maintenance charges are imposed on timeshare buyers.

SST recently lifted its levies by up to 60% after a wage increase for resort staff. Its levy for the R5 000 Cabana Resort apartment is now R427 a year.

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

Mrs Schofield says: "It should not be assumed that all developers' levies provide for the same items as Southern Sun Timesharing. Each developer's levy can be analysed to identify exactly what is provided for."

A prospective buyer should inquire what provision the developer has made for the future upkeep of the property.

RESALE

Timeshare units costing more than R1 000 should be exchangable through RCI, which offers 120 alternative locations in SA and 1 600 worldwide. Businessmen are especially aware of RCI's offer to exchange one week of timeshare in SA for two in the US. At today's rand-dollar exchange rates, it results in a saving in foreign holiday costs.

New exchange organisations have sprung up in SA.

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

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

"The latest analysis of SST, audited by Price Waterhouse, confirmed that in the six months monitored the average capital growth was 51% with only 2% of owners not realising the purchase price."

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

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

Discussions held on possible sites

Two big hotels to be built in Durban

Own Correspondent

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

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

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

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

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

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

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

Growth area

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

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

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

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

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

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

388

TIMESHARE — 1

Slings and arrows

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Another option would be the appointment of an ombudsman to look into problems that arise between unit holders and operators.

A spokesman for SST says it can substantiate its agreement in any shape or form. While it understands the reason for the query over the contractual arrangements and is prepared to elaborate for the *FM* or any disgruntled timeshare unit owner, MD Stocks is out of town and only returns to his office later this week.

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

388 Fmail 14/7/89.

Continued from page 65

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

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

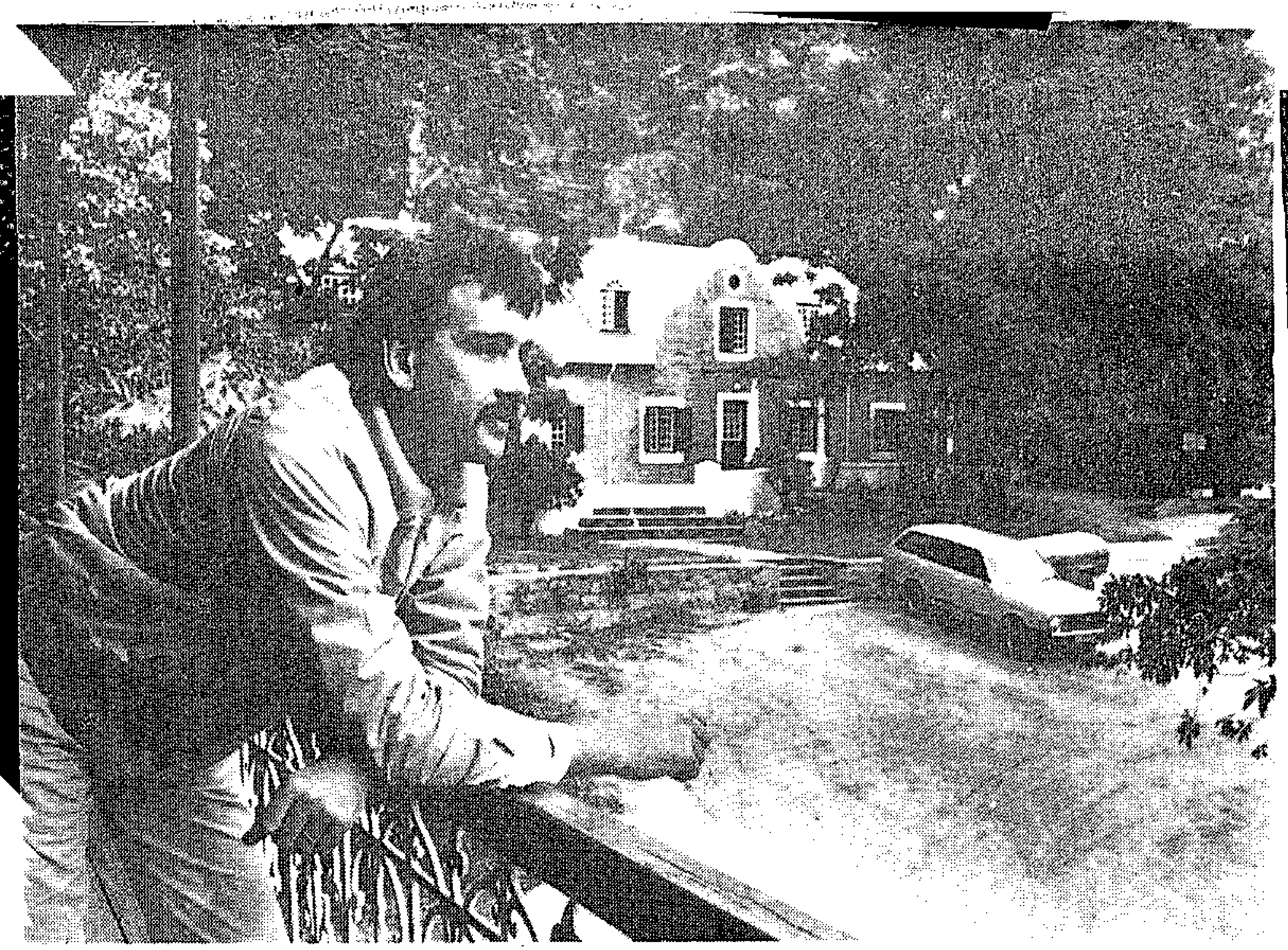
Sentinel has had an unhappy gestation. It took six years to get off the ground and Myles acknowledges it had "difficulties from the beginning." He claims it was always his intention to reduce his stake, but won't say whether he sold at a discount.

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

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

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

As it stands, the scheme consists of 51 units, 18 of which will be hotel rooms and the balance for "vacation ownership." Voges hopes to persuade the local RSC to allow him to build a few extra rooms by better utilisation of existing space (fewer presidential suites). However, providing additional on-site parking could be a problem. ■



CEDERBERG SPA ... Raymond Harris, resort manager of The Baths at Citrusdal, has a commanding view of the spa from the verandah of the resort's Victorian house. In the background is historic Dwarsgebou, recently restored at a cost of more than R300 000.

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

Cape Times 15/7/89

288

By RICHARD BELL

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

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

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

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

Owner Izak van Niekerk also intends it to become a convenient launch pad for family forays into Namaqualand to view the spring wildflowers. To this end he has:

- Spent over R300 000 renovating the magnificent Cape Dutch "Dwarsgebou" residence, converting it to duplex flats, each sleeping six. The restoration was done using local artisans.
- Up-graded the camping area, which caters for caravaners and day-trippers.
- Completed construction of five self-contained chalets.
- Laid out a series of hiking trials and spots for bird watchers.

Several owners

The thermally heated springs that feed the spa and swimming pool were discovered in 1739 by a Jan Cruywagen, who persuaded the Dutch East India Company to establish an outpost there. It then passed through several owners, until the legendary James McGregor bought the property at an auction on the Grand Parade, Cape Town, in 1903. It is still in the hands of McGregor's descendants.

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

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

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

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

☐ Inquiries (02662) 3312.

IN THE CITRUS GROVES ... Izak van Niekerk, owner/developer of The Baths, introduces a young visitor to Robyn, the resort's pet donkey, in the citrus groves. Guests are taken on tours of the orchards in tractor-drawn wagons, to view the picking and the farm animals. Pictures: RICHARD BELL

Karos growth prospects 'good'

BDay 17/7/89

BRUCE ANDERSON

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

288

A number of analysts believe that Karos, which was listed on July 3, is cheap at its present level of 190c, especially given the group's good long-term prospects.

The group's breakeven is presently achieved at a 52% occupancy rate with every extra 1% adding R650 000 to earnings. Karos's occupancy rate is running at about 60% at the moment.

Due to furniture and fitting allowances for expansions, the group's tax rate should remain below 20% for the next five years.

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

The group considers timeshare projects only when they can be built on the same ground as existing hotels

288 Fmail 21/7/89

HOTELS — 1

More room at the inn

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

The most likely location for the development is a vacant, 25 000 m² site, now being used for parking, behind Trust Bank shopping centre.

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

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

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

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

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

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

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

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

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

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

CARLTON CENTRE

17 years young

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

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

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

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

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

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

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

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

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

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

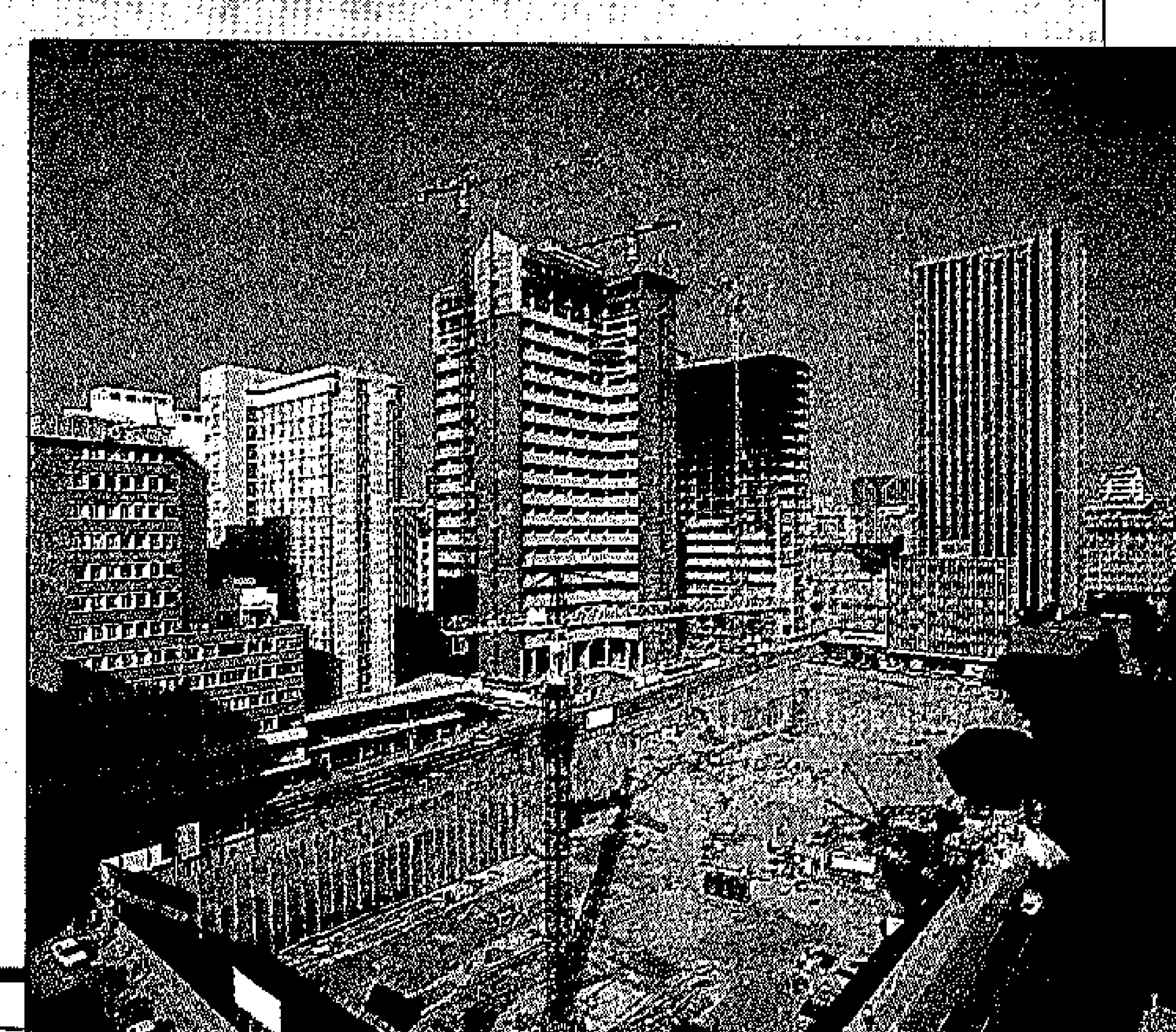
CITY WATCH

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

In the foreground is the massive pit that represents the physical start to First National Bank's huge Bank City project.

According to the developers, excavation is nearing completion, the pile caps are being tied off and structural work should begin soon.

To the left, in the background, is Old Mutual's all but complete, and substantially let "Ten, sixty-six" development, and, on the right, SA Mutual Life Association's 20-storey, steel-framed office block, the structure of which was recently completed.



High expectations for Kersaf and Sunbop

288

BRUCE ANDERSON

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

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

After the shares reached new highs on Wednesday — Kersaf rose 125c to R19,25 and Sunbop jumped 125c to R13,75 — both came off slightly yesterday.

Kersaf fell back 25c to R19 while Sunbop also shed 25c to close at R13,50.

The rise of Kersaf has helped push up the price of its parent Safren. Yesterday Safren rose 100c to a new peak of R32. This is almost double the share's low of R18 last October.

BDay 21/7/89.

At the heart of the popularity of Kersaf and Sunbop is a prediction by analysts that Sunbop is likely to almost double its earnings a share from last year's figure of 63,3c to somewhere in excess of 100c.

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

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

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

S/Times 23/7/89 (288)

You name it, Johan's hotels will fit the bill

JOHAN STURM

David Carte

IDEAS in the hotel business do not come much bigger than those of Johan Sturm of Vacation World.

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

A "profile and prospectus" used to sell shares in the unlisted public company carries pictures of skiers frolicking in the snow, ostensibly at the proposed Ben Mac Ski resort in the North-Eastern Cape.

Exclusive

A glossy brochure introducing its 75%-owned subsidiary Orchid Hotels contains artists' impressions of two huge Sun-City-like hotels. The one is the R44-million Royal Orchid at Margate, the other the R35-million Sentinel Orchid on Chapman's Peak Drive, Hout Bay.

Another Orchid brochure introduces Roan Lodge, an exclusive share block game lodge near Loskop Dam, Eastern Transvaal, complete with hippos, roan-antelope and leopards.

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

Another letdown is in discovering that Vacation World and Orchid do not or will not own these developments. It hopes to manage them — if they get off the ground.

Farm

The developers of the Sentinel (not Vacation World or its subsidiary, Orchid) ran into difficulties. Now Protea Hotels is going to manage it. The Royal Orchid ran over budget and is now being scaled down in size. Orchid says it published the pictures in good faith on the strength of heads of agreements.

Roan Lodge is a large farm near Loskop Dam. It has to be fenced and game bought — but 16 investors have bought rights to build on the property for R30 000. Another 24 are expected to do likewise before the R4,5-million lodge is constructed. Development of Ben Mac has been indefinitely deferred.

Mr Sturm, who was a director of Fun Holdings which went bankrupt in 1985, does not think the glossy literature oversells his companies.

Valuation

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

But the hotels that Protea shows in its portfolio do exist.

Vacation World is owned 50% by Mr Sturm and financial director Mark Palestine. Staff and the public own the rest. There are 738 shareholders, 707 of whom hold fewer than 50 000 shares.

In November 1987, 1,4-million shares were issued at 35c each and in September 1988, another 4-million were offered at 75c. After that offer there were to be 33,4-million shares in issue, so the offer valued the company at R25-million.

Taxed profit in 1988 was R248 000, so the issue was at 100 times historical earnings.

Aircraft

Mr Sturm told me the offer was closed early and only about a million shares were taken up by the public. But the number of shares in issue rose by 4,2-million last year and the share premium account increased by R1,4-million to R1,5-million. Mr Sturm says no Vacation World company is selling shares at the moment.

The prospectus forecasts a taxed profit of R315 000 for 1989, but Vacation World achieved only R194 000 — before extraordinary items and write-offs of R260 000. The report makes no mention of the shortfall.

In the notes to the accounts Vacation World discloses that it has agreed to buy an aircraft for $950 000 in a joint venture in 1991.

The commitment, which has risen from R2,37-million to R2,59-million because of the rand's fall, exceeds the company's assets. The exposure is not covered forward. Mr Sturm says the plane could be a tax aid or it could be on-sold at a profit. Vacation World can opt out of the agreement if it wants to.

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

Goodwill

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

Assets of Vacation World are R2,28-million. There are shareholders' funds of R1,9-million, long-term liabilities of R98 000 and deferred tax of R272 500.

Among the assets are goodwill of R315 000, fixed assets of R217 000 and investments of R1,4-million. The most important investments are 26% of Gethlane share block worth R312 000 and 49% of Gethlane Hotel at R735 000.

Vacation World values its 12% stake in Ben Mac at R290 000 on the basis of an a sworn appraisal of the remote mountain property near Rhodes of R2,5-million.

Current assets of R2,1-million include debtors of R1,5-million and cash of R345 000. In current liabilities of R1,7-million, there are creditors of R1,16-million and an overdraft of R326 000, so although the company is much lighter in assets than its literature might suggest, it is not financially stretched.

Vacation World has 75% of Orchid Hotels, described in a brochure as "an international hotel and resort management, marketing and development company specialising in the operation of first-class international hotels with the emphasis on vacation resorts incorporating comprehensive conference, sporting and entertainment facilities".

Experience

In another pamphlet, Orchid talks of a "team which has at least two decades of hands-on management, food and beverage, marketing and sales expertise in areas covering the Pacific, the US, the Indian Ocean and Europe.

"Particular experience has been gained in the management, operation and marketing of properties and hotel chains in Tahiti, New Caledonia, Indonesia, Swaziland, Mauritius, Malawi and the Seychelles."

Before you respond, "Move over, Sol Kerzner", these paragraphs can be justified.

Brian MacMahon, managing director of Orchid, has been in the hotel business for 20 years in a variety of Places as has operations director Urs Windholz. Development director Peter Bold is an architect who has designed numerous well-known hotels. The trio developed Sun International's two hotels in the Comores for R55-million. They own the land.

Balance

The 25% minority stake in Orchid is held by unidentified interests in the Netherlands Antilles, plus, presumably, members of the public, because Orchid held a private placing of 1-million shares in itself last year at 50c each.

After the issue, there were to be 22,4-million shares in issue, so the issue valued Orchid at R11,2-million. After the issue, there was to be share capital of only R213 800.

The only asset in Orchid at the time of the share placing was the stake in Sudwala Lodge, valued at R1-million. The balance came from a loan from Vacation World of R786 200. There was a loss in 1988, but a profit of R357 000 was forecast for 1989.

In the event, according to a profit breakdown in the Vacation World report, "inns" incurred a significant but unquantified loss in the year to February 1989.

Orchid manages the Sundown Ranch near Sun City and the 28-room Gethlane Lodge near Burgersfort in the Eastern Transvaal. From September it will manage the "five-star" 100-bungalow Sanbonani game lodge 30km from the Kruger gate of the Kruger National Park. It will manage Roan Lodge when it is completed. Orchid is contemplating or bidding for several other hotel management contracts.

Booking

In Vacation World, there is also a marketing company that sells sectional title and share-block developments, such as Marina Letata on the Vaal Dam and Roan Lodge. Marketing brought in virtually all of Vacation World's pre-tax income of R434 000 in the year to February 1989.

Other interests are Vacation World Travel, a one-outlet corporate travel company, and a minority stake in Travel Net, a computerised hotel booking system.

Mr Sturm says Fun Holdings collapsed well after he resigned as a director in November 1984. He says most creditors were paid out. But as a director-creditor, he was at the back of the queue and lost a lot of money.

After that, he was charged with selling sectional title units for Sun International at the Riviera Hotel on the Vaal River. Theo Rutstein, chief executive of Teljoy and a partner with Sun International in the Riviera, who hired him, says Mr Sturm did an excellent job.

Mr Sturm sold 80% of the available units in 18 months. By all accounts another fine job was done on Marina Letata, the first phase of which has been sold.

Mr Sturm has met some interesting people. Len Gullan once offered to help him market Vacation World — at an amazing price — and Javor Gourkoff of Swiftsure notoriety tried to talk him into a business venture, which he declined because of the smell.

Henrik Fors, honorary president of the SA Ski Federation, says Ben Mac is still far from completion and Vacation World is no longer meaningfully involved. He believes that some people who bought shares in Ben Mac have been switched into Vacation World.

Glamorous

A road is being built to the site. It will apparently be years before the glamorous ski lodge depicted in Vacation World's literature is built.

Mr Fors says the project will go ahead, but at a slower rate than originally proposed. He was appalled by the use of Austrian skiing pictures in Vacation World's marketing literature.

The contrast between Vacation World and Venter Trailers, featured elsewhere in these pages, is startling.

Although Vacation World has all the trappings of a big successful business — luxurious head office, executive cars, glossy literature — it now needs meaningful on-the-ground business. Venter has a thriving real business, producing real products and employing hundreds — but hardly any of the trappings.

BJDay 27/7/89. (288)

BRUCE ANDERSON

Hotel industry 'faces influx of foreigners'

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

Outlining the federation's annual congress in Cape Town next month, Fedhasa said the curiosity factor and excellent value for money offered by SA could bring an unprecedented inflow of tourists.

It cautioned, however, the inflow coupled with the burgeoning domestic tourism market would place tremendous strain on the tourism infrastructure.

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

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

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

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

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

Hoteliers are also faced with underutilisation of available bednights in off-season periods, with the result that average room occupancies are about 56% for graded hotels on a national basis.

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

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

A major issue before the congress would be the question of dismantling vertical integration in the liquor industry — that is the fact that major producers of liquor are also major retailers.

The National Productivity Institute will report on a study of the industry.

Smokers' last hope

CPT Times 28/7/89

288

IN THE CITY COUNCIL
By PETER DENNEHY

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

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

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

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

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

Yesterday City Councillors voted 20-11 in favour of the by-law after an hour of debate.

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

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

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

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

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

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

REPUBLIC OF SOUTH AFRICA

REPUBLIEK VAN SUID-AFRIKA

Government Gazette
Staatskoerant

Selling price • Verkoopprys
(GST excluded/AVB uitgesluit)
Local 60c Plaaslik
Other countries 95c Buitelands
Post free • Posvry

Regulation Gazette
Regulasiekoerant
No. 4393

Registered at the Post Office as a Newspaper
As 'n Nuusblad by die Poskantoor Geregistreer

VOL. 289] PRETORIA, 28 JULY / JULIE 1989 [No. 12008

GOVERNMENT NOTICE

DEPARTMENT OF TRADE AND INDUSTRY

No. R. 1509 **28 July 1989**

HOTELS ACT, 1965 (ACT 70 OF 1965)

REGULATIONS

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

ANNEXURE

Definitions

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

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

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

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

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

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

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

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

"executive director" means the chief executive officer of the Board;

"grade" when used as a noun means a grade determin-

GOEWERMENTSKENNISGEWING

DEPARTEMENT VAN HANDEL EN NYWERHEID

No. R. 1509 **28 Julie 1989**

WET OP HOTELLE, 1965 (WET 70 VAN 1965)

REGULASIES

Die Minister van Ekonomiese Sake en Tegnologie het kragtens artikel 34 van die Wet op Hotelle, 1965 (Wet 70 van 1965), die regulasies in die Aanhangsel uitgevaardig.

AANHANGSEL

Woordomskrywings

1. In hierdie regulasies en in die vorms tot hierdie Aanhangsel, tensy uit die samehang anders blyk, beteken—

"bed" 'n meubelstuk wat in die reël bedoel is om deur 'n gas gebruik te word om op te slaap;

"bevoegde gesag" die Standaarde Komitee van die Raad of persoon(e) met gedelegeerde gesag;

"die Wet" die Wet op Hotelle, 1965 (Wet 70 van 1965);

"eetfasiliteit" 'n openbare vertrek wat ook vir die bediening van etes gebruik kan word;

"gas" 'n permanente inwoner of 'n toeris;

"gewone slaapkamer" 'n slaapkamer met 'n wasbak, sonder 'n badkamer/stort en toilet;

"graad" of "gradering" 'n graad deur die Raad bepaal ingevolge artikel 15 van die Wet, en "gradeer" die toekenning van sodanige graad;

"hefbare kamer" 'n slaapkamer of enige ander kamer met 'n enkelingang wat deur een of meer gaste vir slaapdoeleindes gebruik word;

"ontvangsdiens" 'n diens bestaande uit die in- en uitteken van gaste en ook die hantering van inligting oor kamertoewysings, die reëling van bagasiediens, die finalisering van gaste se rekenings en ander vertrekprosedures;

ITEMS 2.4 (a) and (b)

W/E Argus 29/7/89 288

City's traditional pubs in losing battle

By VIVIEN HORLER
Weekend Argus Reporter

THE fight to save Cape Town' traditional pubs looks like a losing battle.

The new Liquor Act, likely to come into effect next year, does away with wine and malt licences, which means that you'll have to order a meal when you want a drink.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Hotels different

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

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

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

OVERALL RE	COURSE		HONOURS	DIPLOMA	ITA	HONS JUNE

R60m luxury resort for the South Coast

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

The project will provide 146 luxury villas, ~~and there~~ are plans to build a hotel and sports complex. (288)

The first phase of Caribbean Estates will be ~~the~~ construction of 56 luxury villas with views over the Umtamvuna River which will be sold on sectional title at prices ranging from R325 000 to R490 000.

Another 20 villas will be built for outright sale at prices from R399 000 to R481 000. More sectional title villas will be built later. S/Trib 30/7/89

Development of the 22,7-ha site has been planned in consultation with the Natal Parks Board, says Caribbean Estates managing director Ian Green. The development company is underwritten by Prima Bank, AA Life and ID Green Investments.

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

Tables

Namibian hotel for Sun International

286 S/Times 30/7/89

Business Times Reporter

SUN International is moving into Namibia.

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

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

Opportunities

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

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

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

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

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

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

The deal became effective on July 1, and Sun International immediatly started refurbishing Kalahari Sands.

The 181 bedrooms have been upgraded. The public areas are being redesigned. There will be a new a la carte restaurant to seat 100 people and a 140-seat coffee shop as well as a new luxury bar.

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

By October, businessmen, holiday makers, families and children from both Namibia and South Africa will be able to stay in the hotel.

SATURDAY AUGUST 5 1989

R45-m no-frills hotels planned

Cl/c ARG45 5/8/89 (283)

By TOM HOOD,
Business Editor

THREE new no-frills hotels costing about R45-million are being planned for Cape Town by City Lodge Holdings, managing director Mr Hans Enderle disclosed this week.

Finance will come from the giant Mines Pension Fund, a 65-percent shareholder, which already owns the BP Centre and other buildings in the city centre.

The company has built seven hotels with more than 1 000 rooms in four years at a cost of R65-million and aims to build another five costing about R70-million.

"Our concept of cost savings in construction and selected services means guests get four-star accommodation at two-star tariffs, from 25 percent to 50 percent below rates at hotels with all amenities," said Mr Enderle.

"We decided to incorporate some of the fundamentals of Swiss hotels, chalet-style comfort and atmosphere and high standards of cleanliness. Room standards are higher than the Hotel Board's minimum requirement for four-star hotels."

The Western Cape's first City Lodge next to Mowbray golf course opened in March and even in the middle of winter occupancies were running at 80 percent, far above the industry average, he said.

This hotel with 130 rooms cost R9-million and met a need for accommodation for holidaymakers and tourists as well as business people visiting Cape Town.

The future Cape Town City Lodges would all be larger than 160 rooms.

"But we would rather build three hotels in different areas than build one of 350 rooms."

He visualised one linked to the Albert Basin development and one close to the central business district, if a suitable site could be found. For the third he favoured a green belt suburb and a low rise, three-storey building.

For the past 10 months room occupancy at Cape Town's first City Lodge had been on average just over 80 percent, compared with an industry average of just over 57 percent. After only five months, it was enjoying occupancy of 80 percent in the middle of the winter.

Swiss-born Mr Enderle, former chairman and chief executive of Holiday Inns, spent the past 20 years marketing the concept of hotels the average family could afford.

Started Holiday Inns

With the late David Lewis, he started the Holiday Inn chain in South Africa and expanded it until it was taken over. It now forms part of Southern Sun, the country's biggest group.

"We thought we knew a thing or two about hotels and what South Africans wanted, but we spent two years on research before we started developing City Lodges. After studying our proposals, the Mines Pension Fund committed R65-million."

This segment of the market, high standards of accommodation with limited services, was the biggest growing sector in the United States hotel industry. A similar group was opening one hotel a week in the US.

"Twenty years ago there was not one of these hotels in the US; today they have 500 000 rooms," Mr Enderle said.

Come 'n stay at Hotel Campus

25/8/85

288

By ALAN DUGGAN

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

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

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

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

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

Spin-off

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

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

● To find out more about the university's accommodation, telephone Cape Town 650-3784.

Transun loses some shine

Star 11/8/89 288

Diagonal Street

MAGNUS HEYSTEK

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

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

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

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

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

The challenge has already resulted in Transun abandoning a proposed gambling and entertainment complex in Umtata, with capital exenditure of R2,9 million written off as an extraordinary loss.

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

Mr Kerzner has since resigned from Sun International.

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

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

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

The current uncertainty has filtered through to the bottom line, with attributable earnings in the year to June rising at a slower rate of 19 percent to R42,240 million.

This is equivalent to EPS of 31,1c per share. A final dividend of 12c a share has been declared to bring the total payout to 23,5c.

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

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

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

With the effective tax rate rising from 23 percent to 28 percent, together with the extraordinary loss of R2,9 million, attributable profit rose by only 19 percent to R42,240 million. The total dividend is covered 1,3 times.

Despite admitting the future could well be affected by the legal wrangle, Transuns remains positive about prospects.

W/E Argus 12/8/89 288

NEWS

No-smoking by-law: This is war, say city restaurateurs

By ANTHONY DOMAN
Weekend Argus Reporter

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

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

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

Objections

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

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

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

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

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

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

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

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

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

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

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

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

He emphasised that the council should "think about these things properly". By-laws should be reasonable and logical.

High stakes on casino for Umtata (288)

EAST LONDON — Transkei Sun International has scrapped plans to build a casino hotel in Umtata, writing off R2,9 million already spent on the project. Star 14/8/89

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

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

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

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

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

It is said plans for at least one development worth R50 million have been submitted. — Sapa.

Hoteliers seek to overhaul tourist industry

Hoteliers have seized the initiative to formulate a national strategy for the tourism industry amid fears that South Africa will miss the lucrative international tourism boat. Star 14/8/89

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

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

288

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

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

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

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

A White Paper on tourism is the objective, says Mr Wigley. — Sapa.

Cape west coast set for boom times

Star 14/8/84 (288)

By Tom Hood

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

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

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

Potential reserves of gemstone diamonds with a total value of R6 billion are believed to exist in the area, he said last week.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The cellar is so large that motorised tours are being arranged for visitors. Grapes are supplied by 168 farmers who get irrigation water from the Olifants River.

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

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

Total investment will exceed R170 million when the resort is completed.

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

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

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

Tourism is also expected to get a major boost from a 160 km extension of the new West Coast road — doubling its length — which will open up the area from Velddrif to Lamberts Bay and Doringbaai. The four-year project is due to start early next year and cost R90 million.

SunBop does well

288

14/8/89

Finance Staff

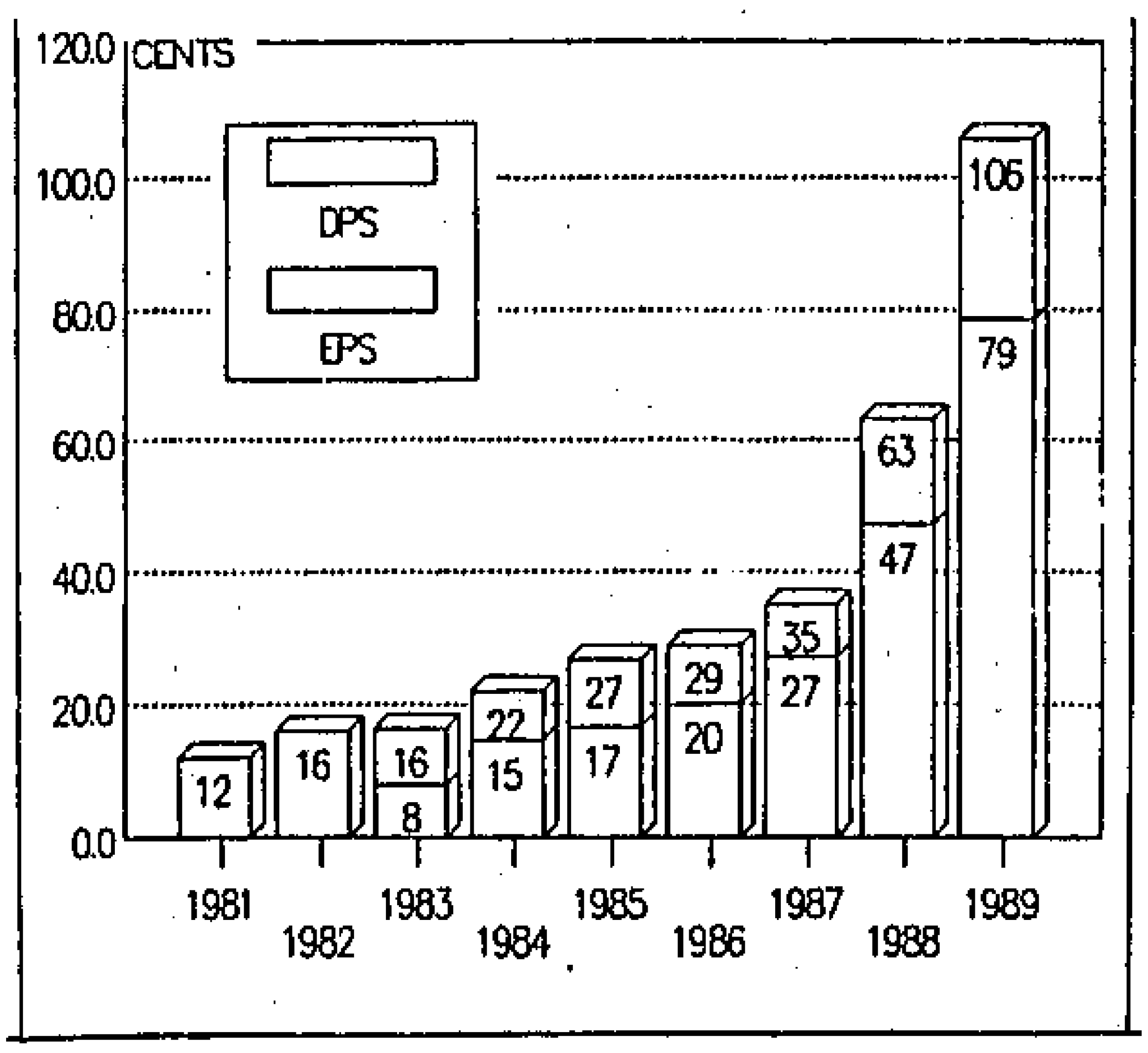
Sun International Bophuthatswana (SunBop) has achieved excellent results, with all units continuing to contribute strongly.

For the year to June the group achieved a turnover of R499 million, an increase of 43 percent over last year. Attributable earnings were up 67 percent from R68,7 million last year to R114,5 million.

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

A final dividend of 46c per share has been declared, bringing the total for the year to 78,5c (47c).

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



SunBop's earnings and dividends per share

Dividends
Attributable EPS

the interim dividend, even though this has been raised 38 percent to 62,5c a share.

helped.

But De Beers is not only diamonds. It has widespread invest-

Kersaf still on expansion path

288
STAR
16/8/89

By Magnus Heystek
Finance Editor

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

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

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

This translates into earnings of 153,8c per share, up 40 percent, while the final dividend of 57c a share, increased the total pay-out to 96c a share; an increase of 37c percent.

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

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

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

n for the success and e to be even more religious," Mr Tshabalala l.

y key to their new

que.

Bottle store battle

288

Sowetan 14/8/89

THE three members of the Alexandra Taverners Association, who bought a bottle store costing R250000 from the local town council and named it Ke-Ya-Rona, are at loggerheads and intend splitting up.

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

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

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

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

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

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

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

Sunbop earnings up 67%

CAPE TIMES 14/8/89

Own Correspondent

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

Earnings a share reached 105,6c and a final dividend of 46c is to be paid giving a total distribution of 78,5c (47c) for the year.

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

A rise in occupancy saw operating margins widen from 29% to 32% lifting operating profit 56% to R159,2m.

Hefty interest earnings of R18,1m boosted pre-tax profit 69% to R173,6m leaving after-tax earnings of R114,5m.

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

The balance sheet shows healthy gearing with interest bearing debt to shareholders funds at 14%, an improvement from the 19% of the previous year.

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

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

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

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

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

Kerzner will therefore not stand for re-election as chairman of Sunbop but will remain on the board as a director of the company.

Bottle store battle

288

Sowetan 14/8/89

THE three members of the Alexandra Taverners Association, who bought a bottle store costing R250000 from the local town council and named it Ke-Ya-Rona, are at loggerheads and intend splitting up.

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

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

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

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

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

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

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

Cape hotels get ready for record season

Cpt Times 19/8/89 288

The fast-growing popularity of the Cape Peninsula as a holiday and tourist destination has never been more in evidence, with foreign tourists still pouring in — in mid-winter! — and hotels already heavily booked for the coming season. GERTRUDE COOPER reports . . .

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

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

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

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

"It's not just PR gush that things have improved tremendously," comments Lew Rood, international sales manager for Springbok Atlas Safaris, probably the country's largest incoming tour operator.

Tourism upturn

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

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

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

A R1m upgrading is about to start at the Inn on the Square, while the

☐ To Page 18

PETER SMITH

Building technique a first

☐ From Page 13

Property Services (Amaprop) — is one of the most exciting rehabilitations of property that the group has recently undertaken.

The original building, erected in the late 1950s on a prime site in the CBD and inspired by Lever House in New York, was under-bulk in terms of the Town Planning Scheme. The floor areas became uneconomic, and a problem facing the architects was how to extend them without moving or disrupting the operations of existing tenants.

The "curtain-wall" techniques they devised, in which depth in the facade was achieved by using three positions of the curtain-wall to create "layers", are said to be a first for South Africa. And on the smooth and gleaming outer "skin" of the virtually new building not a single screw or rivet is visible.

Using these techniques it became possible to re-face the building without disturbing the tenants, who remained in the building throughout the building programme.

"Working in among all the existing tenants was at times quite hair-raising," says Barry Clegg, the architect in charge of the project.

"Special care had to be taken not only to protect these tenants but also to protect the materials being laid while there was heavy pedestrian and goods traffic through the building."

›f conservation

(288)

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

O'Brien is also critical of the composition of the NMC. "It comprises housewives, academics, and an ex-administrator of the Transvaal — an administration which permitted the desecration of Parktown Ridge, replacing historic structures with a slab of concrete (the Johannesburg Hospital)."

The composition of NMC may be academic, he says, but its results are not. The Act gave extreme powers to NMC in 1986, and since then people have suffered real harm.

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

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

25/8/89. Finmail

TIMESHARE (288)

Clutching straws

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

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

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

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

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

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

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

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

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

"If the company acted as a developer then

Finmail 25/8/89

288 F mail 25/8/89.

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

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

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

Anyone for Oriental raw fish for supper?

26/8/89
288

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

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

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

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

FEAST FROM THE EAST: Nori Ohta, head chef of the Kamakura, shows kimono-clad waitress Sharon Lan the art of cooking tepanyaki.

Cape Town's newest eatery, the upmarket Japanese Kamakura restaurant, will host invited guests this weekend before opening to the public on Monday. GERTRUDE COOPER talked to owner Shogo Okada.

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

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

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

The steak palate? He has one as well.

"I ate a 1,5kg steak just the other night. I love pasta. I don't expect people to eat at my place every night. Two or three times a week is fine. Then they won't get tired of our cuisine. I eat in lots of restaurants."

He chose Cape Town after personally doing extensive market research throughout the country. "You have good fish harbours. You have a variety of fish and quality fish and it will be coming to us straight from the sea.

"Johannesburg's Japanese restaurants are very popular, but I prefer Cape

☐ To Page 14

What about sushi for supper?

288

☐ From Page 13

Town because of the cosmopolitan population. There are many businessmen here who have been to Japan and picked up a taste for Japanese food. Generally people here are well travelled and receptive to new ideas."

Okada had little difficult recruiting the 7 chefs who will prepare traditional sushi, sashimi, tempura and tepanyaki at four separate and specially equipped counters. "Four had returned to Japan when their contracts in Johannesburg expired and approached me. They found me, I didn't look for them." The only non-Japanese member of the team is South African Robin Johnstone who lived and worked in Japan for none years.

Okada himself will be out front. "Cooking is my hobby, but I won't be in the kitchen."

The Kamakura (the name of an old Japanese city) will be open all day seven days a week from Monday, with two evening sittings.

"I don't think any of us will be taking a day off for at least three months," says Okaka.

"Okada is right about acqurinq a taste for Japanese food," says his slim blond deputy manager, Chris Ohta.

"Once you've eaten sushi you come back for more."

South African Ohta, former deputy manager of a Japanese restaurant in Johannesburg, is married to the head chef. She is also responsible for training the kimono-clad waitresses in the art of handling the traditional baggy sleeves and learning the graceful movements of the geisha. "We had tremendous response to our advertisement for waitresses.

"The essence of Japanese cuisine is service as much as food," says Ohda, who was living in Japan when she and her husband joined the Kamakura team.

The restaurant has been nearly a year in the making, even longer in the planning. All the kitchen equipment has come from Japan as have appointments like burnt orange and black lacquer dishes and dainty china bowls.

Earthy tones in the furnishings blend with mottled marble counter surfaces and sliding paper and bamboo screens divide eating areas.

The Courtyard was one of the first premises Okada looked at when he was "house hunting".

"It was exactly what I was looking for." The ambience, of course, has changed. From the popular steakhouse which it has replaced, the eating area has been extended and is now distinctly Oriental.

S/Times 3/9/89.

Smoking ban chokes restaurant owners

288

By JANICE HILLIER

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

One Cape Town coffee shop proprietor has struck back at the controversial "50-50" proposed smoking ban by dividing each of her tables with adhesive tape, creating "smoking" and "no smoking" zones.

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

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

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

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

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

A few months ago the Federated Hotel, Liquor and Catering Association of SA sent a petition to the council — with 307 signatures — protesting against the ban.

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

Action

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

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

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

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

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

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

He said the council had responded to the letter and the matter would be attended to as soon as possible.

NO TO A TAVERN

Big protest in Protea North

288

By SONTI MASEKO

RESIDENTS of Protea North in Soweto have resolved to halt the opening of a tavern in their area which they say was a project approved by the Soweto Council without their consent.

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

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

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

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

Taxis

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

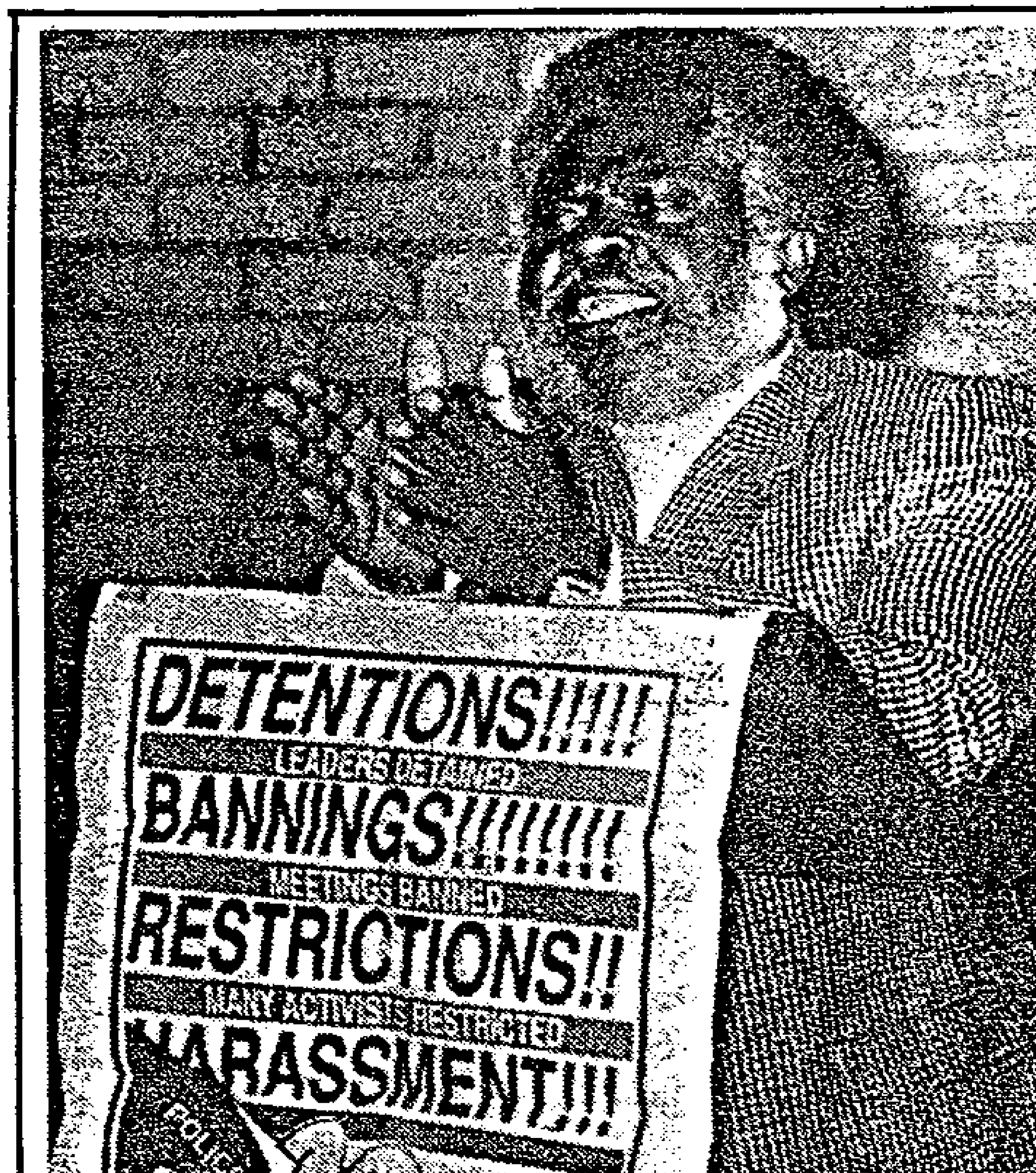
Lack of consultation with the residents would also mean an apparent violation of the rules of the Liquor Licencing Board which requires that before a licence is granted, neighbours in the immediate vicinity of the proposed tavern be consulted for approval.

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

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

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

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



Father Lord Mc Camel remembers September 3 1984 at a meeting in Sebokeng yesterday. Sowetan 4/9/89

Uprising on Vaal

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

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

About a 100 people died that day and scores

SHOPS SCHOOLS CHURCH TRAINS

National strategy to strengthen tourist industry

Cape Times 8/9/89 (288)

By LESLEY LAMBERT

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

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

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

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

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

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

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

Wigley said he hoped to form an opinion in principle on privitisation at the meeting.

Stehlik: Hotel staff lack incentives

CH - T.H.S 8/9/89 (28 ...)

Financial Staff

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

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

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

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

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

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

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

Staff have to be given incentives to be more productive.

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

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

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

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

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

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

R60-m tourism boost for W Cape

W/E ARGUS 9/9/89 288

By MAGGIE ROWLEY
Business Staff

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

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

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

Negotiations for financing were well under way, he said.

The complex will include:

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

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

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

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

The farm, owned by Mr Danie van Tubbergh, comprises about 950 ha of mountain fynbos in a proclaimed nature reserve known as Qwaggasberg Nature Reserve and is bordered on one side by the Brandvlei Dam and on the other by the Qwaggaskloof Dam.

(See page 3)

R60m boost for W Cape

W/E ARGUS 9/9/89 288

(From page 1)

"We will be applying for the hotel to become a member of the Worcester yacht club and a jetty will be built on the Brandvlei Dam so that hotel residents will be able to cross to the yacht club," he said.

"Built in a natural environment the development items will remain sensitive to conservation at all times," he said.

Architecture is envisaged in terms of stone and thatched roofed construction. Mountain trails with overnight chalets will be provided, as well as bridal paths for the equestrian minded.

He said the surrounding mountains were ideal for walking trails and overnight chalets, as well as a private honeymoon suite, with access by four-wheel drive, would be built in the mountains.

Architects are Malherbe Rust; Town planners are Terblanche, Steyn & Larsen, Consulting Engineers are Stiglingh Venter & Partners and Landscape architects are Ian Ford & Associates.

New executive travel offer reduces costs — developer

288

BDay 13/9/89

Business Day Reporter

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

Five-star hotel accommodation at up to 50% below comparable prices, a pegged daily rate, car hire at a saving of as much as R80 per day, and full office support facilities — these are some of the "executive perks" built into the new Peninsula development in Cape Town's Sea Point.

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

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

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

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

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

Development bank mooted for tourist industry

288

By Trevor Walker

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

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

Captour is planning on bringing an additional 170 000 people to Cape Town this holiday season. However, the infrastructure was not maintaining the necessary growth required to meet the huge increase in demand for accommodation, transport and general holiday entertainment.

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

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

The Table Mountain cable way is one of the busiest tourist attractions in the city, yet the funding of a second cable way is beyond the capabilities of private enterprise and would require some form of official assistance delegates were told.

Star 12/9/89

Exceptional growth sees increased Safren earnings

B|Day 14|9|89 288

LESLEY LAMBERT

CAPE TOWN — Safren, the parent company of Safmarine, Rennies and Kersaf (76%), has posted a 38% increase in attributable earnings to R213,1m, reflecting exceptional growth in its diverse shipping and leisure related activities.

Earnings a share of 404c (up 38% from the previous year's 293c) and a final dividend of 180c (up 33% from 135c) exceeded analysts expectations for the year to June and should please shareholders.

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

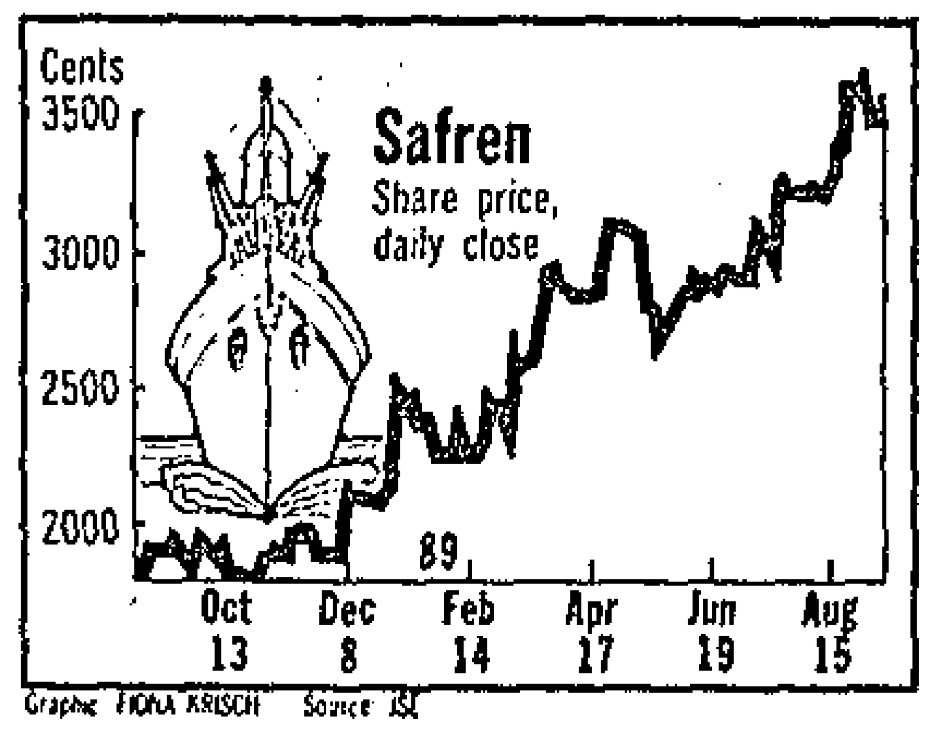
While the group managed to reduce its interest bill by R9m to R21,9m, its tax commitments grew by 76% to R203,4m. Rennies's significantly higher tax rate appears to have contributed to this burden.

Nevertheless, taxed profit attributable to outside shareholders in subsidiaries and preference shareholders grew by 41% to R410,4m, leaving ordinary shareholders with R213,1m before an extraordinary item of R7,6m.

Safren's 76% stake in the leisure sector through Kersaf contributed a marginally improved 41% to bottom-line profits, with Kersaf reporting 40% growth in attributable earnings to R115,4m.

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

The most they will say is that Safmarine had an "excellent year and continues to



Graphic FIONA KRISCH Source JSE

expand its activities in the international shipping field," and that the Rennies Group performed "satisfactorily" despite a significantly higher tax rate.

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

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

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

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

While Kersaf's share closed 25c down at R22 yesterday, Safren's was unchanged at R35,50. This puts Kersaf on a p:e of 14,3, compared with a sector average of 15,1 and Safren on a pe of 8,8, compared with 8,5.

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

Full steam ahead at blue-chip Safren

288

Star 14/9/89

By Magnus Heystek
Finance Editor

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

True to form, chairman Mr GA Macmillan, is again coy about growth prospects in the current financial year, prepared to say only that "the company will produce satisfactory earnings."

Turnover for this large shipping, gambling, stevadoring and forwarding company increased at near-breakneck speed of 35 percent to R3,807 billion (1988:R2,799 billion) with operating profit rising by 45 percent to R635 million.

A further increase in operating margins from 19,3 percent during 1988 to 20,3 percent contributed largely to this improved performance.

The tax bill rose sharply from R136,2 million in 1988 to R197,3 million, mostly as a result of an increase in the tax burden of Rennies. This was the result of assessed tax-losses being used up, said Mr Macmillan.

There has been an increase in net interest cover from 14,1 to 29 times.

Earnings per share rose by 38 percent from 293c to 404c a share while a final dividend of 135c has been declared to bring total pay-out to 180c a share.

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

Star performer

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

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

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

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

"The gaming and entertainment market in South Africa is far from saturated and several other schemes, including the sixth hotel at Sun City and another golf course in the Pilanesberg, are close to finalisation," Mr Macmillan said.

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

Long-term borrowings declined from R716,4 million to R688,3 million at end-June this year.

Coastal lodges maintain their occupancy rates

288

S/Times 17/9/89

CITY LODGE's three coastal hotels report occupancy rates of over 80 percent.

The hotels — in Cape Town, Port Elizabeth and Durban — have achieved this in spite of the miserable weather conditions recently.

Super

Said Patrick Tate, general manager of City Lodge Cape Town:

"Business here has been super.

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

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

Clifford Ross, general manager of City Lodge Durban, has a similar story to tell:

"The mild Durban winters positively affect us and we have maintained exceptional occupancy rates of more than 90 percent on average.

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

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

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

Said Wolfgang Buschhold, general manger of City Lodge Port Elizabeth:

Appeal

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

"Our value-for-money tariffs are becoming increasingly appealing."

288

Kings and princes patronised Kapitan's restaurant

Mandela's haunt closing

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

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

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

Kappy, who has prepared food for kings and princes, will tell you millionaire John Schlensinger also ate at Kapitan's.

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

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

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

"He used to come in for coffee and teas as well," said Majorie.

"We were one of the first multi-racial restaurants in South Africa," said Kappy, who is something of an afacionado where bull fighting is concerned and bull-fighting posters on the walls of the restaurant testify to this.

They also add atmosphere and colour to Kapitan's the decor of which is one place where east meets west.

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

Decor

The decor has not changed much since Mandela's time and above one table is a story headlined: *Mandela Are Here.*

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

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

Favourite Mandela haunt to come down

288

By Joe Openshaw

The building housing Mr Nelson Mandela's favourite restaurant at 11a Kort Street is going to come down after being in existence for 73 years.

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

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

MILLIONAIRE

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

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

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

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

"He used to come in for coffee and teas as well," she said.

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

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

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

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

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

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

Negotiations are under way for its sale to developers who intend demolishing it.

Action plan for tourism urged

BDay 25/9/89 (288)

LESLEY LAMBERT

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

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

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

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

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

Important

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

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

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

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

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

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

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

Blacks being wooed into caravaning

B/Day 26/9/89

THEO RAWANA

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

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

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

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

288

Capital

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

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

The specially-designed caravans would be leased out to BC members and the organisation would partly finance the transactions through a bank.

Bay hotel, Rotunda future is rosy

Cape Times 26/9/89

288

CAMPS BAY'S new hotel, The Bay, as well as its elegant function vanue, The Rotunda, are looking forward to a sold-out opening season starting in December when the R17 m hotel opens.

Occupancy for December is already 75%, including many visitors from overseas, and general manager Peter Barber said: "We expect to be full when we open."

The Rotunda, Camps Bay's familiar Victorian landmark which has undergone a R1,5 m redevelopment and re-decoration, is also starting off with "house full" signs.

Its first function, the Grand Rotunda Gala Ball, a flashback to the glittering events there during its heyday in the ear 900s, is planned to mark the re-opening of The Rotunda on Saturday November 25.

Latest reports say all tickets have been sold and there is a waiting list.

Halcyon Hotels, the company responsible for the development and for the restoration of The Rotunda, is sponsoring the costs for this charity event.

The target for the evening is R100 000 from ticket sales and an auction and those who will benefit include St Luke's Hospice, the Cape Peninsula School Feeding scheme and the Cape Drug Counselling Centre.

Booked

The Rotunda's general manager, Colleen Thompson, said the exciting new venue was already booked for a wide variety of functions ranging from society weddings to fashion shows and promotions.

"The public's anticipation of The Rotunda's reopening is fantastic," she said. "They can hardly wait to start using it again."

The Bay is a low-rise structure in the style of the adjoining promenade shopping centre featuring Cape beach architecture with green roofs and white walls.

The Rotunda's impressive frntage is incorporated into the new entrance, which is reached from Victoria Road along an elegant driveway flanked by palms.

Sea views

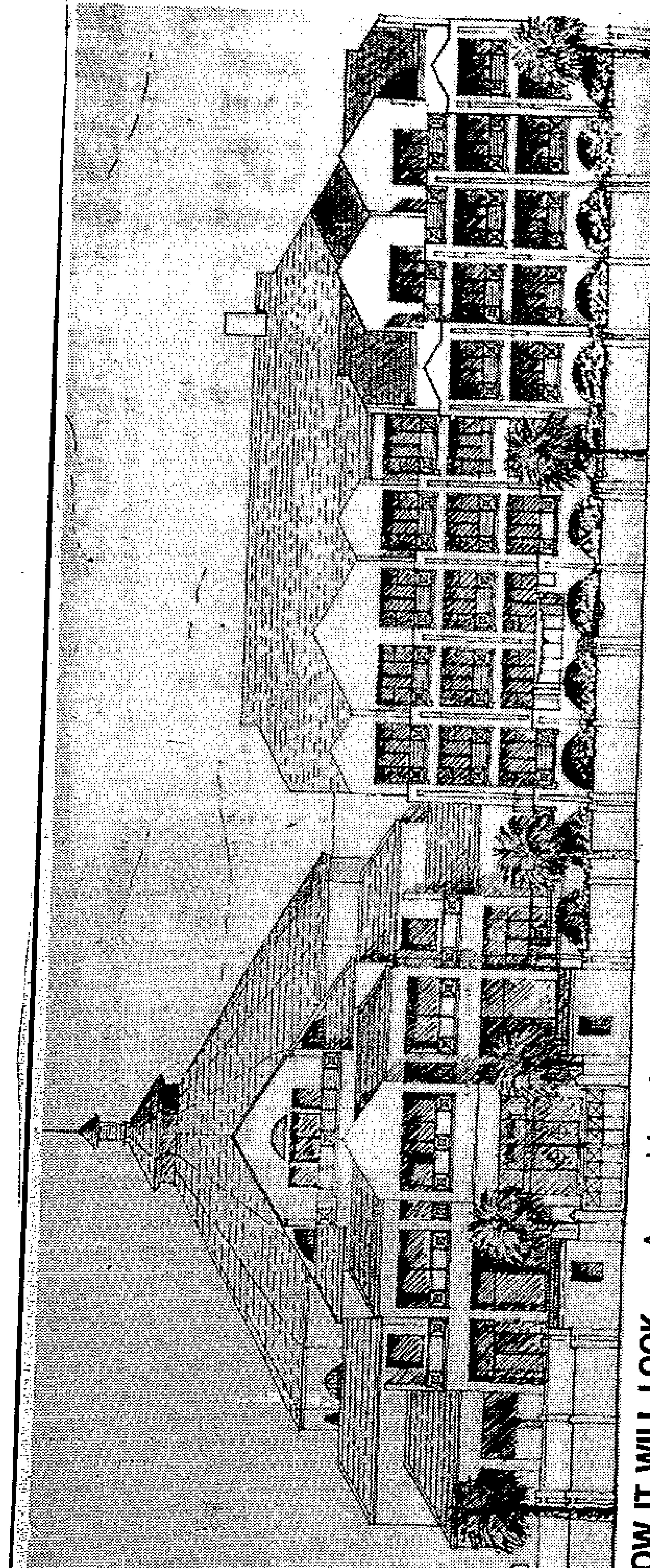
Most of the 70 rooms have sea views and those that face the Twelve Apostles also have an excellent outlook.

A luxury executive suite, perched penthouse-style on the roof, will give guests a superb view of the mountains.

Mr Barber said: "The hotel is aimed at the individual traveller seeking ultra-comfort and privacy coupled with a gracious style of service reminiscent of Mediterranean resorts."

Parking ratios are high — a bay per guest room — as well as parking for The Rotunda.

A visit to the area showed it was "all systems go" with workers busy and enthusiasm running very high for the shape of things to come.



HOW IT WILL LOOK . . . An architect's impression of The Bay hotel on Camps Bay's promenade, due to open in November. The domed roof in the background is The Rotunda, an independent function venue, which will have its own entrance and parking.

Annual report ends years of Safren company silence

B/Day 26/9/89 288

LESLEY LAMBERT

CAPE TOWN — Safren has broken with tradition in its newly released annual report, to provide a five-year breakdown of its diverse operating company's individual contributions to bottom-line profits.

The disclosure suggests a change in attitude from past years when the giant parent of Safmarine, Rennies (75%) and Kersaf (76%) disclosed as little information as possible about its separtate companies, largely because of the sensitivity of its international shipping operations.

The break-down shows that wholly-owned shipping company Safmarine contributed R1 568,5m, or 41,2%, to turnover for the year to June 1989, leisure group Kersaf R1 309,1m (34,5%) and freight and transport company Rennies R855,8m (22,5%).

But, while Kersaf achieved more operating profit from its turnover, contributing 51,2% to an operating profit of R779,4m, Safmarine moved ahead of it at the bottom-line, contributing 43,8% to taxed earnings of R213,1m against Kersaf's marginally improved 41,1% contribution.

Safren chairman and CE, George Alastair Macmillan, confirmed in his statement that Safmarine had had an excellent year with the development of trading opportunities outside the core SA operations contributing substantially to the improvement.

He said plans to establish an operating base in Switzerland had been completed and that the company continued to expand its activities in the international shipping field.

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

Dampening

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

A strong performance by Rennies had been offset by a higher tax rate which had reduced growth in attributable earnings.

While both companies benefitted from an increase in imports during most of the period under review, higher duties and surcharges began dampening demand and reducing volumes during the final quarter.

Macmillan warned that this trend was expected to continue, slowing Safren's growth during the current year.

Safren is import sensitive. The imported goods it ships tend to be of a higher value-added secondary and tertiary nature than the lower value primary products it exports.

This means it thrives in economic upswings when imports are stronger and will rely on its international bases to assist in ironing out problems related to the cyclicality of the domestic economy.

● MACMILLAN

Macmillan said the group's investment in the leisure sector through Kersaf had achieved another set of record results. However, while the rapid expansion of the past few years was expected to continue, Kersaf's earnings growth was expected to slow down if trading conditions were affected by restrictive monetary and fiscal measures already introduced.

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

Fire-damaged Matus & Co moves in with Tarry

TERRY WILKINS

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

Local suppliers have rallied round and the company is importing large consignments by air. B/Day 26/9/89

Matus is in the process of being acquired by major tool wholesaler the Tarry group, which is part of the FSI group, subject to certain conditions being fulfilled.

The directors have decided to merge the two operations in Johannesburg and will immediately trade as Matus out of the Tarry complex in Eloff Street Extension. Tarry MD Lindsay Ralphs was optimistic that a much larger Matus would be effectively operating soon.

and Miss Somerset West, Shirleen van Reenen.

City gets 12 days to snuff out smokes law

By ANTHONY DOMAN
Municipal Reporter

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

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

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

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

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

"The ball's really in the Administrator's court."

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

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

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

The organisation was not disputing the danger of smoking.

Tourists die in Morocco

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

(288) Fmail 29/9/89.

SEAFOOD SURCHARGE

Fishy logic

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

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

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

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

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

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

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

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

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

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

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

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

Seafood . . . facing a bleak future?

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

SA NATURE FOUNDATION

Southern Sun woos business

S. Times 1/10/89.

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

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

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

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

Drink

288

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

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

Another marketing innovation from Southern Sun is gift vouchers, which employers can give to deserving employees. They can be used for meals and personal stays at group hotels.

Centre of the storm ... Summer Leisure's clients services manager Mr Hennie Coetzee (left) faces dozens of angry investors at a weekend meeting in Johannesburg. ● Picture by Ken Oosterbroek.

288

Demand for more control of R30-m investments

STAR 2/10/89

By June Bearzi, Star Line

Johannesburg's Milpark Holiday Inn was turned into a battlefield on Saturday when hundreds of angry Summer Leisure and Flexi-Club investors flocked there to attend a meeting to express their gross dissatisfaction with the leisure companies and holiday tycoon, Mr Larry Botes.

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

Investors nominated a five-man committee to investigate the financial position of the holiday scheme, which they said took their cash in return for flexible holidays locally and overseas. They maintained these promises had not materialised.

Former Durban mayor and architect, Mr Ron Williams, a points owner voted on to the committee, said he felt very sad about the present state of affairs and wanted to help set matters right for investors.

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

A former Summer Leisure director, who severed links with the company several months ago, undertook to supply the committee with information which would be investigated. A change of management would also be negotiated.

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

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

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

Star Line spoke to dozens of Flexi-Club members at the hotel, including a Durban man who said he represented members who had paid R1,5 million into Flexi-Club.

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

A Star photographer was caught up in the fray when Mr Botes and a number of his colleagues attempted to forcefully remove the spool from his camera.

After the meetings, which lasted for about five hours, Star Line was told by several investors that they would adopt a wait-and-see attitude while others felt the committee "would sort out the mess".

Holiday-scheme boss claims great sacrifice

By June Bearzi, Star Line

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

"It's a magic scheme. I pioneered it in South Africa and I'm confident it's working."

Mr Botes said this after a five-hour mudslinging match between his management team and irate investors at Johannesburg's Milpark Holiday Inn on Saturday.

He said adequate funds would be forthcoming within 10 days to alleviate the companies' cash flow problems.

He claimed he had earned only R62 717 as Summer Leisure's director from December 1987 to the end of August this year.

"I had to sell personal assets to make ends meet and two Supreme Court actions for R4 million were settled out of court last week."

He said his luxury R1,5 million North Riding home had been bought by a company, My Scene,

Leisure company boss, Mr Larry Botes, appeared to be unruffled.

of which he was a director, six years before the launch of Flexi-Club and Summer Leisure holiday plan.

Flexi-Club's executive director, Mr William Nosworthy, also related his financial hardships, saying he had injected R100 000 into the scheme and had not taken a salary since December 1987.

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

Mr Nosworthy commented: "Someone has sabotaged our computer system and we're unable to send debtors' statements, which means we won't be getting payments and will experience a cash flow problem."

Both men said they would co-operate with the five-man committee appointed by investors on Saturday. They would, in fact, supply it with information.

Mr Botes said the Summer Leisure yacht leased for R250 000 and taken back by the Durban charter for the alleged non-payment of R216 700 was planned to be a "floating resort at Mauritius".

He said that he had spent about R400 000 on maintenance and repairs.

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

"They'll lose out if we succeed, that's why they're criticising us."

New twist in Flexi-Club battle

3/1987

STAR

288

Blacks miss out on holiday deals

Star Line

JUNE BEARD

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

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

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

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

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

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

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

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

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

● After a heated meeting in Johannesburg on Saturday, a five-man committee was appointed by investors to scrutinise the leisure companies and attempt to salvage the scheme. Mr Botes and Mr Nosworthy told Star Line they would co-operate fully with the new committee.

Double success

288 FMail 13\10\89

Five years ago Protea Hotels and City Lodge were just two ideas for hotel chains untested in the local market.

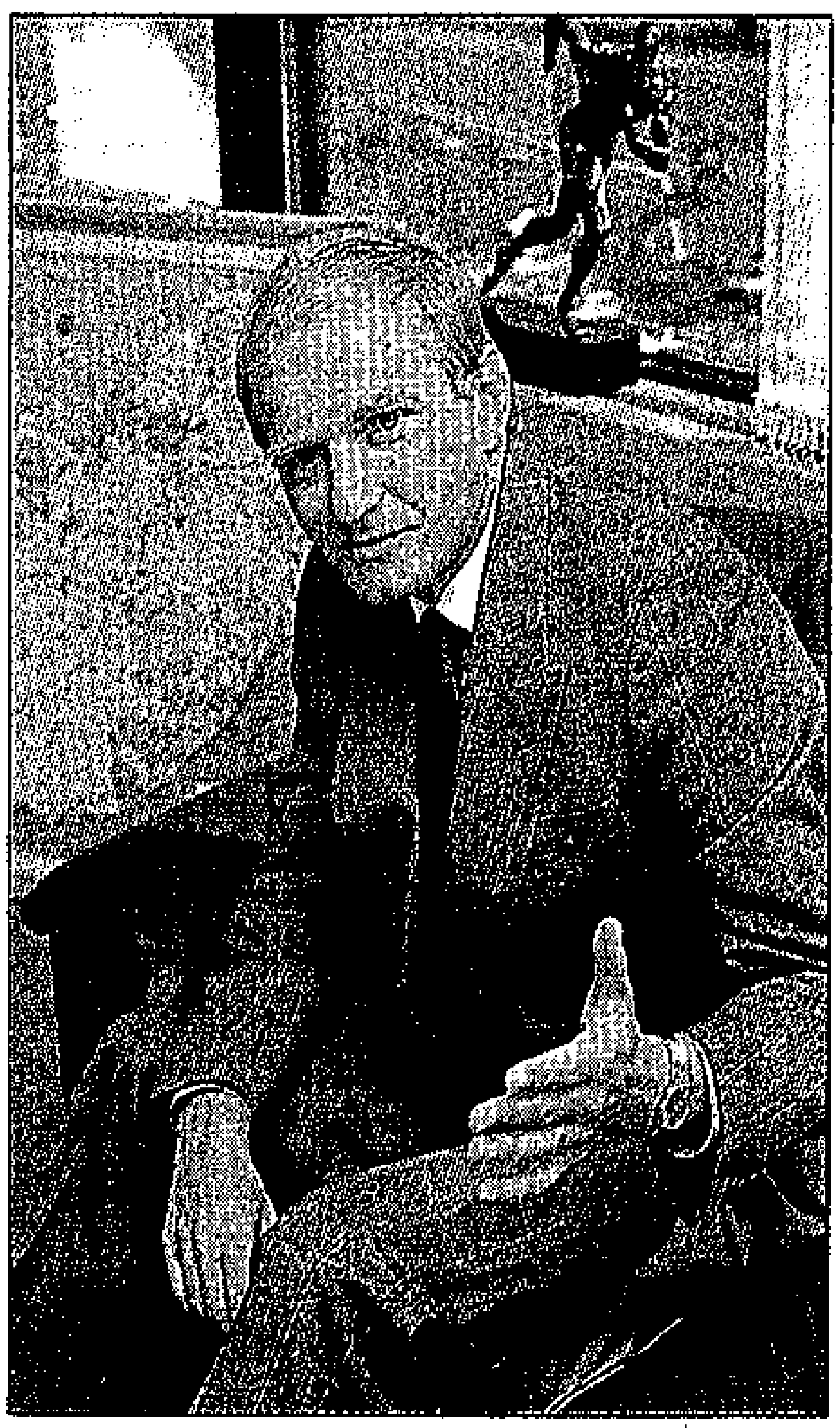
Today the two groups are powerful competitors in the mid-scale accommodation market serving both the business traveller and holidaymaker. Protea manages 55 hotels aggregating 4 500 rooms and City Lodge has invested R65m in building seven hotels with a total 1 000 rooms. Both chains are still firmly in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

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

Management buyout

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

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



Stehlik . . . going international

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

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

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

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

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

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

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

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

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

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

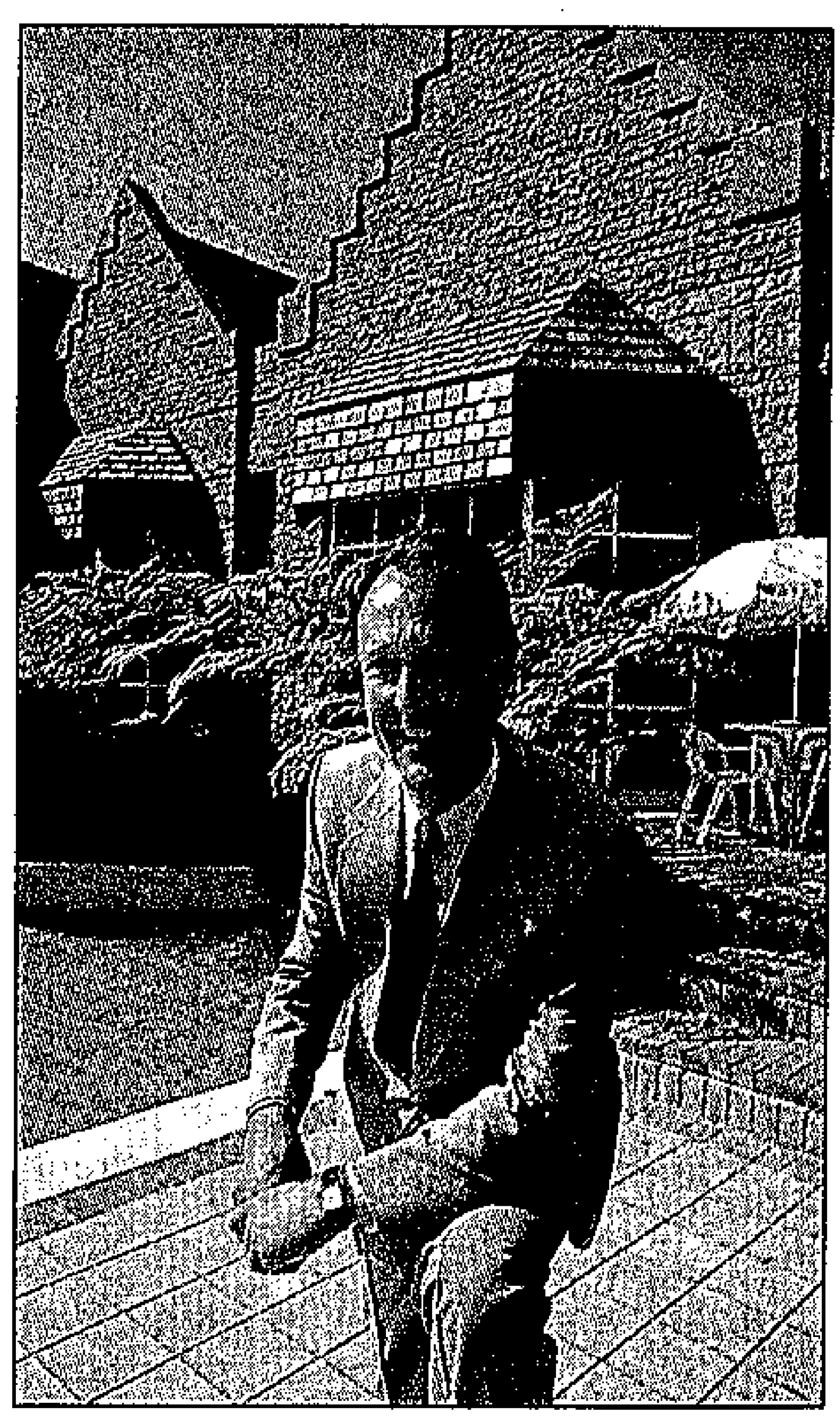
"Construction costs have escalated enormously and revenue has not kept pace," he says. "Running a hotel is not always very profitable, especially in view of SA's low average occupancy levels, which are well below the world average. Our focus in SA should be to fill spare capacity before undertaking costly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

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

Unnecessary frills

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

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



Enderle . . . business focus

Bidcorp had its sights on Drop-Inn Holdings

B/Day 16/10/89

288

SYLVIA DU PLESSIS

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

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

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

He declined to elaborate.

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

● BRIAN JOFFE

The group, which is also an exclusive agent for various brands of Scotch whisky and imported wines and spirits, lifted sales by 27% to R109m in the year to end-February, while taxed profits were 54% up at R4m (R2,6m).

SOWETAN Tuesday October 17 1989

Feud over R150 000

By MZIKAYISE EDOM

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

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

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

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

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

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

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

Just a smear, says mayor

288

Sowetan 17/10/89

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

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

'Open homes' holiday plan as Cape tops Natal

Argus 18/10/89

288

By DALE KNEEN, Staff Reporter

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

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

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

Income

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

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

"Hotel occupancy during the 1988/1989 in-season — which now extends well into May — was 40 percent ahead of last year and the Cape Province captured 41 percent of all bed-nights sold in December," Mr Oliver said.

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

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

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

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

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

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

Group Areas Act

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

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

"Once this legislation is scrapped — and one hopes that this will not be far off — even this small constraint will go."

208

Take in tourists — Mayor

Citizens could profit from bed-and-breakfast guests

By PETER DENNEHY

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

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

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

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

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

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

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

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

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

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

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

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

Hotel occupancy last season was 40% up on figures for the previous season. In December, the Cape captured 41% of all bed-nights sold in South Africa.

ARGUS 19/10/89 (288)

Durban beach debate 'has cost hotels thousands'

The Argus Correspondent

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

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

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

CANCELLATIONS

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

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

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

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

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

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

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

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

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

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

Mr Corbett challenged Fedhasa to call the meeting at which policy could be defined and said he wanted an opportunity to address it.

BDay 20/10/89

(288)

Expansion-happy Spur's turnover rises 61%

BRENT MELVILLE

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

The disappointing results of Spurhold (whose investment is a 40% holding in Spur Steak Ranches) is illustrated by a drop in turnover of 42,5% to R2,1m (R3,7m), and a decrease in operating profit of 41% to R359 000 (R610 000).

Bottom-line performance, however, improved slightly to R653 000 (R629 000) as a result of a strong increase in the portion of earnings attributable from Spur Steak Ranches of R386 000 (R324 000) and a more lenient tax bite of R92 000 (R305 000).

Expansion-happy Spur, for its part, posted a 61% *rise in turnover* to R5,9m (R3,6m) with operating profit climbing by 33% to R1,9m (R1,4m). *Attributable* income increased by 36% to R964 000 (R707 000).

Earnings for Spurhold increased very marginally to 5,22c (5,03c) with Spur showing an improvement to 6,1c (5,16c) a share. Respective dividends of 4c and 5c were declared.

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

In addition, Spur has recently expanded into the fast food chicken business with the launch of three franchised Ranch Style Chicken and Burger stores. Spur at present operates over 80 franchised outlets.

Pub reprieve

Cape Times 20/10/89

288

By PETER DENNEHY

CAPE TOWN'S pubs have been saved.

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

The reprieve for the pubs was one of the last official acts by the Minister of Economic Affairs and Technology Mr Danie Steyn, who has now been succeeded by Mr Kent Durr.

Pubs were threatened with closure under the new Liquor Act.

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

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

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

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

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

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

SAB strike giving retailers problems

6101 20/10/89

288

ALAN FINE

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

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

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

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

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

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

Handling

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

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

SAB spokesman Adrian Botha declined to comment on these matters.

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

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

Fawu said it was collecting a mandate from its 5 500 striking members on whether to take the initiative in arranging talks with management.

National organiser Rajin Naicker said a decision would be made next week. Until then, the union remained open to approaches from management.

Confidence high for Cape season

Cape Times 21/10/89 (288)

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

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

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

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

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

Politicians

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

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

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

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

The Chamber of Commerce says that despite slower trading conditions in the third quarter of 1989, retailers in the Peninsula polled by the Chamber "generally expect a revival in demand in the next three months, which points to another good Christmas season".

The Chamber says an upturn in tourism probably cushioned the expected slow-down in retail sales in the third quarter and although business slackened from the second most respondents in the survey reported higher sales compared with the same period last year.

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

☐ To Page 14

Wide range of l...

READY FOR LEISURE TIME . . . Some o... dancers who will be taking part in th... Chamber of Commerce, opening at the... run daily, including next Sunday, to Oct... of leisure-time activities, from hobbie... ordinary holidays, unusua...

Good seasonal trading expected

☐ From Page 13

Cape Times 21/10/89 288

conditions than last year."

The seasonal survey shows that sales turnovers this season are expected to improve by 20% on food and clothing, 15% on stationery and 5% on furniture and appliances. The seasonal opening stocks are higher all round, except in the furniture and appliances. The cash/credit ratios are expected to be much the same as last year.

● Economists and businessmen in other parts of the country have been forecasting a generally thin, less-buoyant Christmas than in 1988, saying consumers will have less money after increased HP, overdraft and bond rates.

Paul Edwards, chairman of Information Trust Corporation, says:

"The white consumer is unlikely to go out on a wild spending spree this Christmas, and is probably more interested in reducing his debt commitments to ease the financial burden."

Edwards says retailers are looking more and more to the black sector of the market to boost sales turnovers, black salary increases having exceeded those in the white sector in recent years.

Drop-Inn drop-outs threaten challenge

288

Business Times Reporter

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

Jacques Kempen, former managing director of the R109-million-a-year Drop-Inn group, resigned in support of three members of the management team who were not consulted about a R24-million offer by Brian Joffe's Bidcorp to buy a controlling 70% from chairman Sam Berk. S|Times 22|10|89

The offer has been withdrawn.

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

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

Mr Berk, who took Drop-Inn to the JSE in September 1987, says management has been restructured.

The group increased turnover by 27% to R109-million and taxed income by 54% to R4-million in the year to February.

Gordon plays Sun Life waiting game

S/Times 22/10/89.

(288)

AN agreement between Liberty's TransAtlantic and UAP International, the two biggest shareholders in Sun Life of the UK, has triggered speculation that one of the parties might go for outright control.

By David Carte

UAP, controlled by the French Government, is the biggest life company in France.

With the Sun Life share price up 60p to £11,60 on news that filled British financial pages on Friday, Liberty chairman Mr Donald Gordon is playing it cool.

He told me from London that TransAtlantic was in a good position to make a bid, but had no intention of acting soon.

"The letters mean we can do a deal at any time and any price of our choosing. We have all the timing possibilities."

Prize

Mr Gordon said that if it needed to, TransAtlantic would be able to arrange funding for an outright bid — even though Sun Life was worth £700-million at the present price.

But Mr Gordon is in no hurry to act. He is satisfied with the new position.

"First prize would be to be able to co-operate with UAP and the executive to build Sun Life up — but if there are cultural problems or different agendas, we'll have another think."

Before the exchange of letters, both TransAtlantic with 29,8% of Sun Life and UAP International with 22,9%, were wary that the other might make a bid to outside shareholders, leaving one as a locked-in minority.

They were particularly nervous after a public row in September 1988 when TransAtlantic blocked a bid by UAP to arrange cross shareholdings.

Friendly

Mr Gordon said relationships now were more amicable and that the letters had stabilised the shareholdings.

In its letter this week, TransAtlantic agreed not to make an offer to other shareholders.

As a quid pro quo, UAP agreed to buy TransAtlantic's shares in Sun Life at any time and at any price that TransAtlantic asked — on condition that if it refused to buy, it must offer its shares at the same price to TransAtlantic.

If, for instance, TransAtlantic wishes to go for control at £15, it will have to offer its shares to UAP at that price first. If UAP rejects them, it will have to offer its shares to TransAtlantic at £15, giving it outright control. Then there would have to be an equivalent offer to the minority.

An analyst said the Texas auction implied by the letters meant that if TransAtlantic wanted to go for control, it would have to bid high. If it put its shares to UAP at too low a price, UAP could accept them and seize control.

In practice a price would be hammered out by negotiation.

It was not necessary for UAP to undertake not to make an offer to other shareholders because TransAtlantic could put its shares to UAP at any price of its choosing at any time — even if UAP did get outright control.

If UAP rejected them, it would have to sell its 22,9% to TransAtlantic even after it took control, leaving TransAtlantic in control.

Improved

Mr Gordon said relationships with Sun Life chairman Peter Grant had improved, but he would still like Liberty to make more of an operational contribution. He would like to see Sun Life implement some of Liberty Life's assurance ideas.

"We have two directors on the five-man executive committee, but neither is a life assurer. I personally cannot go on the board because I am a director of Guardian Royal Exchange.

"We would also like to invite senior people from Sun Life to come to SA to look at the way we do things."

Mr Gordon said the mechanism would ensure a good price for anyone getting out. However, it would be difficult to offer a price high enough to take out UAP against its will.

"UAP is the pride of the French assurance industry and very powerful. We hope it will not be necessary to part ways."

Toyota chief BERT WESSELS ... engines made in SA will save millions

Drop-Inn drop-outs threaten challenge

288

Business Times Reporter

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

Jacques Kempen, former managing director of the R109-million-a-year Drop-Inn group, resigned in support of three members of the management team who were not consulted about a R24-million offer by Brian Joffe's Bidcorp to buy a controlling 70% from chairman Sam Berk. S/Times 22/10/89

The offer has been withdrawn.

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

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

Mr Berk, who took Drop-Inn to the JSE in September 1987, says management has been restructured.

The group increased turnover by 27% to R109-million and taxed income by 54% to R4-million in the year to February.

Non-fiction winners

TWO books promoted in Business Times are breaking new ground in non-fiction publishing in South Africa.

Sales of The Winning Way, an examination by Antony Ball and Stephen Asbury of why some companies consistently outperform their rivals, and Larger Than Life — the Donald Gordon and Liberty Life Story, written by Ken Romain, have passed more than 10 000 copies and reprints of the books are on the way.

SOUTH Africa's R10-

Flying high

Can Times 26/10/89 288

CT
26/10/89

258

CAPE TOWN will get a R10-million festive season tourism boost this year — probably climbing to R30 million by early in the new year — as specially chartered flights from Britain begin ferrying in hundreds of foreign tourists.

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

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

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

'Breakthrough'

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

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

Captour spokesperson Ms Marion Kelder described the boost as "marvellous — a pity it's taken such a while but better late than never".

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

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

To page 3

From page 1

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

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

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

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

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

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

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

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

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

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

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

● Caledonian Airways is owned by British Airways.

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

Police to buy R2,6m hotel

S Times 29/10/89

288

By SHARON CHETTY

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

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

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

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

Cheaper

The 40-bedroom Marina Beach Hotel, with swimming pool and chalets, is intended as a "cheaper en-route stop-over place" to the Wild Coast.

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

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

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

SOUTHERN SUN (388)

Tourist dependence

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

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

Group MD Bruno Corte says the next six

288 Fmail 3/11/89.

months should recoup the losses, because of "significant increases in overseas bookings received and the coming holiday season." The larger number of tourists has already boosted occupancy and average room rates to 62%, reflecting a 6% increase over the same period last year. This higher occupancy level has, in turn, resulted in the proportion of operating profit generated by Southern Sun, as distinct from dividend income (mainly from Sun International), rising to R27,3m (R21,2m).

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

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

The group considers short and medium term prefs as interest-bearing debt which, with the R200m received from an additional August issue, caused gearing to leap to 0,66 (0,55). Directors say the funds were used to repay existing short-term borrowings, redeem some short-dated preference shares and finance part of the capex. Long- and medium-term borrowings thus fell to R57m (R154m) and interest-bearing debt (not including preference shares) to R85m (R180m). The cash pile rocketed to R40,8m (R500 000).

SLIGHTLY CLOUDY

Six months to	Sep '88	Mar '89	Sep '89
Turnover (Rm)	168,4	222,0	206,4
Pre-tax profit (Rm)	(2,0)	17,0	(3,0)
Attributable (Rm) ..	1,6	23,5	1,1
Earnings (c)	2,3	33,4	1,5
Dividends (c)	—	25,0	—

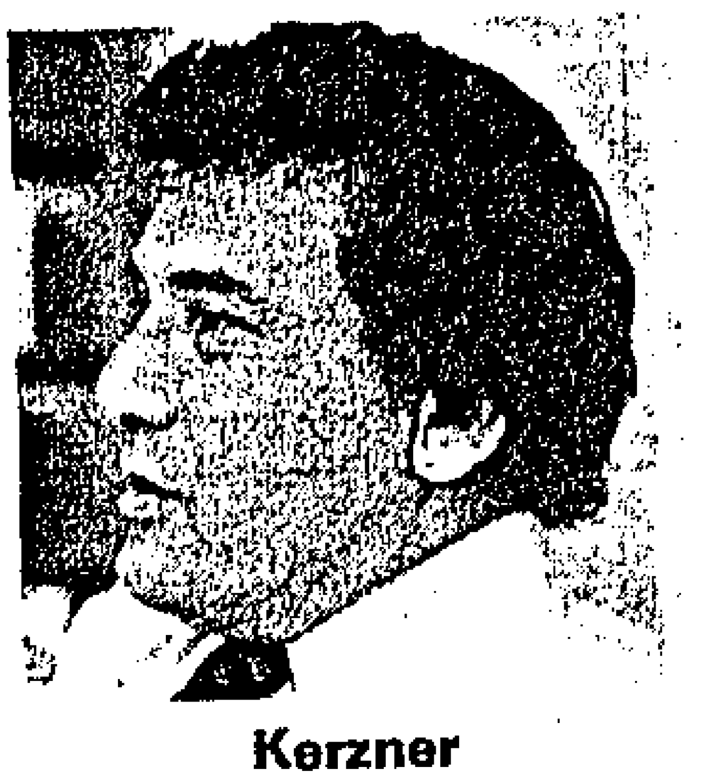
Corte says return on assets is still far from satisfactory. "Southern Sun is looking at a long term return on equity of about 20% ." At end-March, the figure stood at 7,1%.

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

Jacques Magliolo

Shining without Sol

■ Despite Kerzner's departure abroad, the group is doing as well as ever


Kerzner

Sol Kerzner has become a legend on the SA business scene. The respect accorded to his vision and business acumen by associates, colleagues and subordinates is such that — even when he admitted he had paid a bribe to the then Transkeian government and resigned from all the boards of the Sun International group — he was asked to stay on the Sun International (Bophuthatswana) (Sun Bop) board by the Bophuthatswana President Lucas Mangope. He is also a consultant to that company.

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

Will the group show the same strength without the Kerzner flair?

Kersaf MD Ian Heron is emphatic that Kerzner made very little input in the southern African operations in the past two years. In 1987 Kerzner moved overseas with the intention of concentrating on developing the international interests of the group under the Royale Resorts banner. Unfortunately, the SA connection proved a major problem in Britain and there were also difficulties in France, where four casinos were bought. With the latest developments, Kerzner left Royale Resorts and Heron says the intention is to sell the French casinos — three have already been sold.

288 10/11/89 Finmail

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

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

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

He does say it will be slow growth but that 1992 will provide many opportunities for supplying accommodation for business travellers. He also sees the possibility of an increasing use of ground transport — specifically trains — because European skies are so crowded. He suggests the group is unlikely to concentrate, as in the past, on casino operations overseas.

Kerzner is still involved with Sun Bop which contributes 32% of Kersaf's income. It is also the jewel in the Kersaf crown, with an average annual growth in attributable earnings of 34,5% in the past nine years and 67% in the year to June. Sun City was opened 10 years ago but there has been no further development since the Cascades was built in 1984.

Although Sun Bop MD Peter Wagner says that income from Sun City itself has consistently grown at a rate of 28%-34%, profit increases since 1984 have come mainly from developments outside Sun City: Morula Sun, Thaba'Nchu, Molopo in Mmabatho and Taung. Heron says plans are for an expansion of Sun City with the building of two more hotels and another golf course, additional facilities for day visitors (including a swimming pool), plus a new development at Babelegi, which will be a large entertainment centre and hotel. These proposals are in the planning stage and subject to Bophuthatswana government and Sun Bop board approval.

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

But is there not a chance that Sun City itself will become too bloated with two more hotels, increasing the hotels — if not the rooms — by two-thirds? Wagner does not think so. It has not yet been decided whether the hotels will be five- or three-star, or whether a different type of approach will be used — but Wagner thinks the clientele is there. The present hotels are booked out at weekends until Easter and, during most of the week, there is heavy booking for conferences.

Wagner says the new hotels will double conference facilities because the balance between conference rooms and hotel rooms must be maintained. The number of bednights sold for conferences has increased year-on-year and Wagner is confident that demand will continue despite the recession. Certainly there will be no problem with financing the expansion: Sun Bop has R202m cash.

There was a fall in operating margins in the second half of last year but management suggests that this is simply an anomaly and the annual figure shows an improvement from 30% in 1988 to 36% in 1989.

Wagner points out that the greatest impact of the recession in 1984-1985 was on the overseas tourist trade and this was mainly an effect of political circumstances. In the case of Sun Bop, only 15% of customers are from overseas and Wagner suggests his group benefited from the fewer overseas holidays being taken by local people because of the rand's fall. "Instead of taking an overseas holiday, for example, they may come to Sun City for four weekends during the year. In addition, the gaming industry overseas has not really been affected by recessions."

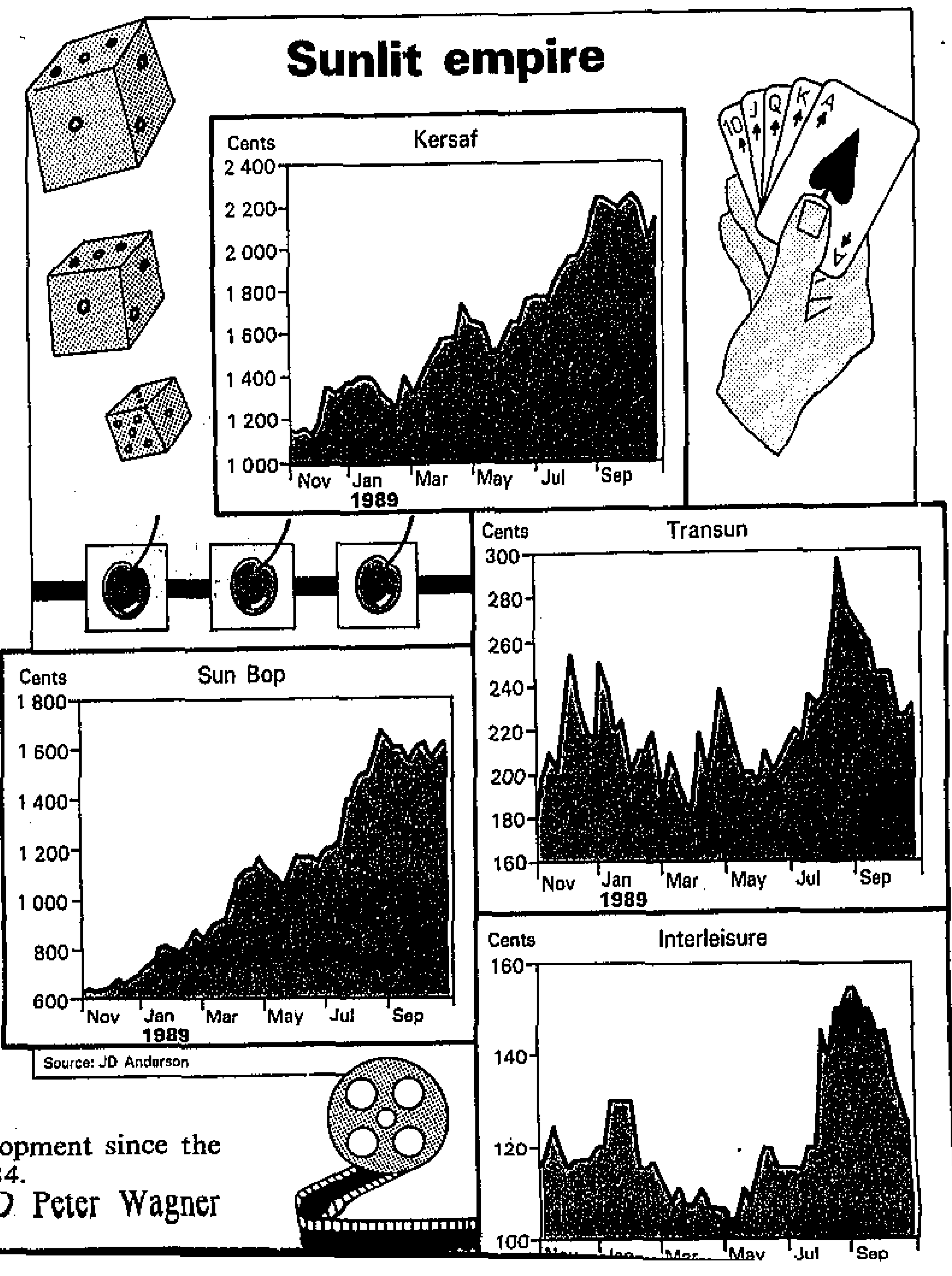
There were suggestions that the fall in the local currency also meant the salaries offered overseas casino personnel and other foreign staff were lower in terms of their home currencies and that there was a resultant efflux.

Wagner, however, says salaries are comparable and the change to local personnel has been in terms of an agreement with the Bophuthatswana government that employees would be 60% local. This has now been exceeded on merit and is 90% local.

If Sun City's size is increased 66%, and if the occupancy rate remains at about the same level as at present (86%), this expansion, especially combined with the Babelegi development, will ensure that the Sun Bop growth rate is maintained.

But there are also the other Kersaf subsidiaries. A new investment is in Namibia and Heron suggests there will be further opportunities there after independence.

Troubled Transun contributes 16,8% of Kersaf's earnings but recorded an attributable increase of only 11,4% after the R2,9m extraordinary write-off of costs of the Umtata Sun, which has been abandoned — at least until the group is sure of the exclusivity of its gaming rights in the state. Legal proceedings have been instituted to determine the validity of the exclusive contract and Heron



(288) Fmail 10/11/89.

says that Sun International has submitted its replies.

Obviously, there will be plenty of aspirant casino operators if the courts rule against Transun, but the fact that the original Wild Coast Sun was actually a Holiday Inn and had a number of problems before being taken over by Sun International shows it takes more than permission to operate to make a successful casino-resort, as also shown by the takeover of the Lesotho Hilton by Sun International.

As the write-off of the Umtata development indicates, Transun is awaiting the outcome of the litigation before investing further. Cash climbed from R34m to R58m in the year to end-June and now amounts to 40c of the total net worth per share of 68c. With an operating margin of 44%, it seems certain that, if the ruling is in Transun's favour, there is room for considerable additional investment.

The other main contributors to Kersaf's profits are Interleisure (29% last year) and


Heron


Wagner

Kersaf Liquor (11%). Interleisure has experienced a number of problems with its food interests, whose contribution to profits halved over the year. But Heron says this was largely due to the fact that they were company-owned and 77% are now franchised operations.

Far more successful were the old Satbel operations and the new sports section. Film production, cinemas and related services contributed more than 70% of pre-tax profits and sports goods another 22%. Because cinemas alone account for 36%, the possibility of Sunday opening — which Interleisure management has made clear it expects before the end of the year — could cause a major improvement in the share price.

But the main interest in the Kersaf group must be in the international operations (which can only be invested in via Kersaf) and Sun Bop.

The international side is still very much an unknown quantity but Sun Bop will have some easing in growth until the next developments come onstream, expected in the 1991 financial year. Until then there should be a tailing off in the growth rate, but, depending on the trend of the market as a whole, analysts suggest the share could be cheap at the current price.

It seems that Sun International is managing well without Kerzner — and certainly growth in the past two years has not fallen below that of the Kerzner era. *Pat Kenney*

BOOKED SOLID!

Nothing to rent in festive Cape

Cape Times 11/11/89 (288)

Be warned, if you have not already made arrangements for a wide variety of goods and services during the festive season it's probably already too late. In coming weeks forget the dictum: anything is available at a price. It was, but probably no longer. Marius Bosch reports . . .

CAPE TOWN hotels are preparing for a bumper season, caterers and entertainers are booked out and it will be very difficult to hire a car over the festive season.

Hoteliers maintain they could fill their establishments several times over at premium rates during the peak season.

It is not unusual for guests to reserve accommodation more than a year in advance and some establishments require pre-payment in full.

Accommodation is, however, still available. Fedhasa Western Cape regional director Jack Viviers, claims that "there is always space in Cape Town".

Last minute cancellations and no-shows will always supply a large number of bed nights and some of the major hotels do have rooms.

Party-planners who have delayed making firm arrangements are in for a shock.

Entertainment agent Sharon Irving says several of her top bands have tripled their usual rates over the season.

They were nevertheless booked long in advance, some a year ahead, and at prices up to R3 000 per performance.

Stephen Galleid, who rents out mobile discotheques, admits his fees also rise during the festive season. He charges about R100 more for the first four hours. To hire one of his mobile discos for six hours during the high season would set you back in the region of R600.

Catering is simply unavailable unless booking was done months ago. Pick 'n Pay's division head Peter Benedix says he is fully booked.

Rates for the catering service stay the same as during the rest of the year, Benedix noted, but this is cold comfort for those who are only now beginning to plan. They cannot be accommodated.

Exchange the party plans for a New Year's Eve at the ballet? No way, unless you get cracking immediately. It is already virtually impossible to get booking for the ballet performance at the Nico Malan on New Year's Eve, warns the Nico's Philip Loxton.

Bookings were opened early this year.

With all discount air fares to Cape Town fully booked for the past three months tourists wishing to fly to the city for the peak season would have to pay the standard fares and even these will probably be booked out.

Car rental firms will not raise rates during the holiday season but visitors and tourists "will have a problem" hiring cars during the festive season if they do not book well in advance, according to Avis spokesman Sharon Cockrell.

Sight-seeing tours in the Peninsula present a happier picture.

Hilton Ross Travel MD Laurie Hopkins says tourists can be assured of a seat on one of his day tours around the Peninsula.

He points out, however, that coach tours to the Garden Route and Durban have been fully booked for some time.

288

Karos's maiden results indicate strong growth

KAROS Hotels, in its maiden results since being listed at mid year, has shown strong growth for the six months to end September, with earnings up by 58,8% to 16,2c (10,2c) a share.

Profit after tax virtually trebled to R4,5m (R1,5m).

The listing has obviously made directors more prudent with their dividend declarations. Dividend cover for the period under review was lifted to 2,7 times on a dividend of 6c — very commendable when viewed against the 0,8 cover for the comparable period last year on a dividend of 13c.

● HURWITZ

Past year turnover, interest, depreciation and balance sheet figures have not been presented as directors felt that in view of the group's recent restructuring they would not form a meaningful comparison.

BRENT MELVILLE

However comparative figures reflecting the position, had the restructuring occurred on April 1 last year, estimate a turnover increase of 36% to R26,4m (R19,3m) and a 37% rise in earnings to 16,2c (11,9c) a share.

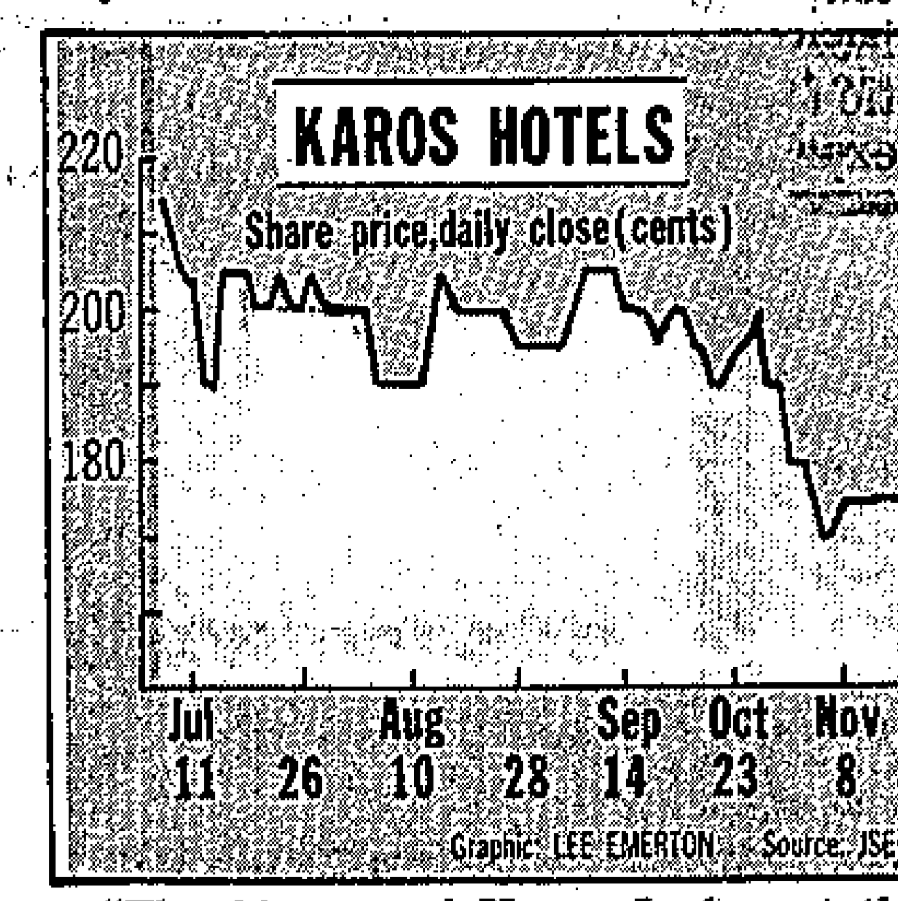
Confident

Chairman Selwin Hurwitz said the group was confident of reaching its target earnings of 35c a share by year end.

He was especially satisfied with the results bearing in mind that the first six months were traditionally weaker as far as trading was concerned, and in view of the major refurbishment and expansion programme which the group was currently undergoing.

On the balance sheet the ratio of interest bearing debt to shareholder's funds is at 40% with incurred capex for the period of R12,3m and an additional R15,7m contracted.

He said that the better room occupancies normally experienced in the second half of the financial year should influence room rates and margins favourably.



"The 96-roomed Karos Lodge at the Kruger gate is scheduled to open next March and major refurbishments of seven other hotels are scheduled for completion by year end," said Hurwitz.

The Karos chain comprises 11 hotels.

Business Report

Karos lifts profit by 41%

Cape Times 15/11/89

288

By AUDREY D'ANGELO
Financial Editor

KAROS HOTELS — listed in the beverage, hotels and leisure sector of the JSE at the beginning of this year, through a reverse takeover of New Bernica — lifted after-tax profit for the six months to September 30 by 41% to R4,5m (R1,5m).

Turnover was 36% higher at R26,3m and operating profit R6,3m. Earnings were 16,2c (10,2c) a share and the dividend 6c (13c) with increased cover of 2,7 (0,8) times earnings.

The directors have allowed R1,1m for depreciation and amortisation and the interest bill was R670 000.

Selwin Hurwitz, chairman and joint MD, said: "These results are particularly satisfactory if one bears in mind that the first six months are traditionally weaker as far as trading is concerned."

The directors were confident of achieving earnings of 35c a share by the end of the year.

The group was carrying out an extensive expansion and refurbishment programme, and extending its conference facilities. It had cash holdings of R10m and was "well poised to take advantage of the growing and diverse opportunities in the SA hotel industry."

Hurwitz said forward bookings for the new Karos Lodge beside the Sabie River, near the Kruger Park — due for completion in March — were "outstanding."

Occupancy rates throughout the group were at high levels. Although the downturn in the economy could lead to a "softening" in domestic tourism from February onwards, he expected tourist business from overseas to remain strong until the European spring in April.

After that, he expected conference business to keep group hotels busy. He saw this as the primary growth market for hotels.

"We are not in the razzmatazz market. But our hotels are very popular for training conferences, which many companies run.

"And in the light of the social and political changes taking place in this country we expect many companies to train more extensively."

Hurwitz said it was a healthy situation that the group wholly owned 10 of its 11 hotels. "We believe that our policy of owning our land and buildings is of the greatest benefit to shareholders.

"One of the alternatives, turnover-related leases, which is often the case with other hotel groups, is not acceptable to us since, in such a situation, benefits tend to go to the landlord and not to the shareholders."

He said there were "several other dynamic new projects in the pipeline. Major announcements concerning these will be made in the next few months.

"In particular, Richards Bay is an area of major development with the next 18 months expected to show a surge of activity. The presence of two Karos hotels in the area, with a total of 200 rooms, should impact very favourably on group profits."

TABLE ON THE TERRACE . . . Enjoying the new decor and the view at the refurbished Zeezicht Restaurant at Sea Point are (from left) Tracey Spickernell, Sean Armstrong and Eva Herman.

Group fighting for a better place in sun

Cape Times 18/1/89

288

IN AN effort to claim a larger slice of the eating out pie, the giant Southern Sun group is devoting up to 50% of a multi-million refurbishing programme to its restaurants. GERTRUDE COOPER reports.

REVAMPING of restaurants in the group's Peninsula hotels has been aimed specifically at bringing furnishings and food styles more in line with free-standing restaurants, says regional director Stephen Ford.

In preparation for the anticipated bumper season — "which with the hotels already running at 90% and over is already on us" — alterations have also been geared to faster and more efficient service.

"Food expectations internationally are high," says Ford. "That means it is not only the overseas visitor we have to cater for, but the South African tourist who expects the same food standards he would find abroad.

"In providing an ambience which equates with that of free-standing restaurants and menus of quality equal to the city's best, we hope to break down what seems to be an in-built resistance from local residents to hotel dining and wining. There is a misconception that hotels are more expensive, which of course they are not.

"People also tend to feel intimidated by the trappings of a five-star hotel. We want, by encouraging them to come through the swing doors to realise we are no different from their favourite eating place."

"Cape Town has many fine restaurants to attract the eater-out. Through the changes we have introduced they will, we hope, realise that the food in an hotel can be every bit as good," says Marc Gavrill, GM of the group's Cape Sun flagship hotel.

In reorganisation of more than R500 000, the kitchen and buffet of the hotel's Riempies restaurant have been revamped to speed up service. Menus have also been upgraded. "With the increase in the number of Taiwanese tourists we have introduced an Oriental corner which is attracting Capetonians as well. On Sunday nights we cater for Jewish guests with a kosher buffet in our Villa de Cesari restaurant."

Since the changes there has been a noticeable increase in covers both in Riempies and the hotel's Tastevin restaurant, where a new menu based on the finest Cape ingredients was brought in recently.

Resurgence

"While we are proud of our extensive cellar with its selection of connoisseur wines, we have also brought in wines from smaller 'boutique' vineyards to make our wine list realistic at every price level," says Gavrill.

The President Hotel's Zeezicht restaurant, one of the Peninsula's few eating places with a seaview, is experiencing "a definite resurgence of interest," says GM Nico Rees-Jones.

In order to re-affirm its reputation for fine fish, the emphasis was on equipment which will ensure quality preparation when the restaurant and kitchen recently underwent a R200 000-plus "facelift".

"With our new grills and steamers we can offer guests both freshness and quality."

Ambience

Reaction to a sunny new colour scheme of light blue and white with a touch of orange has been positive, says Rees-Jones. "People love eating on a terrace, our new décor adds to the enjoyment.

"As far as ambience and value are concerned I am confident that we compete very favourably in both our Zeezicht and Finch's restaurants."

Initiator of the new trend in Southern Sun eating was the St George's La Brasserie which emerged from the hotel's R9m revamp last year with a décor of marble floors and paisley print carpet which set the tone more of an English club than an hotel restaurant.

The Provencal menu was also a breakaway from traditional hotel fare.

The Inn on the Square's Spirit of Greenmarket Square restaurant and Cobbles and Square 1 bars are to be redesigned next year as part of a R1m refurbishing.

Whites attack blacks in bar

CAPE TIMES 27/11/89

(288)

JOHANNESBURG. — A group of right-wingers attacked black customers at a hotel in Roodepoort, west of Johannesburg, on Friday, terrified the owner into closing on Saturday and threatened to shoot him if he continued to serve blacks.

Mr Robert Quartier, who bought the De La Rey Hotel five weeks ago, said he was taking the threats seriously.

"I informed my regulars that I intended turning one of my pubs into a multiracial bar as I could not make enough money from white trade only," he said.

About 9pm on Friday, the day he began serving black customers, nine white men had come in. "One grabbed me by the collar and asked what I was doing. He told me it was against the law to serve blacks and I was in CP country."

Mr Quartier said one of the men left and about half-an-hour later he returned with seven other men.

"They switched off the juke box and told the blacks to get out. They shouted AWB slogans," he said, adding that the men had thrown out the black customers and assaulted them.

"They told me never to let blacks in again or they would shoot me," he said.

On Saturday afternoon a man entered the bar and asked the barmaid whether the bar would open that evening. When she said it would open, he said he would be returning with AWB members to wreck the pub. "My barmaid ran away, forcing me to close the bar." — Sapa

SINESS DAY, Wednesday, November 29 1989 3

Leading SA hotels unite to form marketing association

TANIA LEVY (288)

A GROUP of SA hotels has banded together to form the Association of Leading Independent Hotels of Southern Africa (Alihsa).

In a Press release yesterday, Carlton Hotel GM Nick Martin said the association was officially launched at the opening of the Bay Hotel in Cape Town last week.

The list of members includes The Carlton, The Mount Nelson and the Vineyard in Cape Town, The Royal in Durban, The Plettenberg, the Eastern Transvaal's Londolozi, Cybele Forest Lodge and The Coachhouse.

Martin said independent hotels were previously forced to curtail international marketing because of the cost factor.

BDay 29/11/89

As Alihsa members they would be represented as a group at international conferences and travel exhibitions, such as the World Travel Mart in London this week.

He said membership criteria reflected the values of more discerning guests, cutting across the normal grading systems.

Martin said quality — defined in terms of traditional hotel-keeping values, good food, top service and hospitality — was a priority.

As a group the independent hotels provided some of the finest accommodation options in SA, he said.

RCI records Cape timeshare membership boom

BDay 29/11/87 (288)

ENROLMENTS in Resort Condominiums International (RCI) in the Cape rocketed by 98% during the first three quarters of this year, says MD Bruce Ravenhill, and total enrolments were significantly larger than for the same period last year.

"The overall increase in membership is a sign of confidence in the quality of timeshare in this country, and in the basic stability of the industry," he says.

From January to September, RCI enrolled a total of 17 725 new members, compared with 14 306 during the same period last year — representing an increase of 23,8%.

In the first six months of the year a total of 15 new resorts were affiliated, bringing the number of RCI-affiliated resorts to 84.

Timeshare sales at the Cape resorts experienced the highest number of new member enrolments — 5 401 — contributing 30,4% to the national total.

The timeshare industry overseas is also growing and recently RCI International notched up a milliont members worldwide.

three sons: Gavin (15), Bruce (11) and Alistair (5). ■

SELWIN HURWITZ

288 Finmail

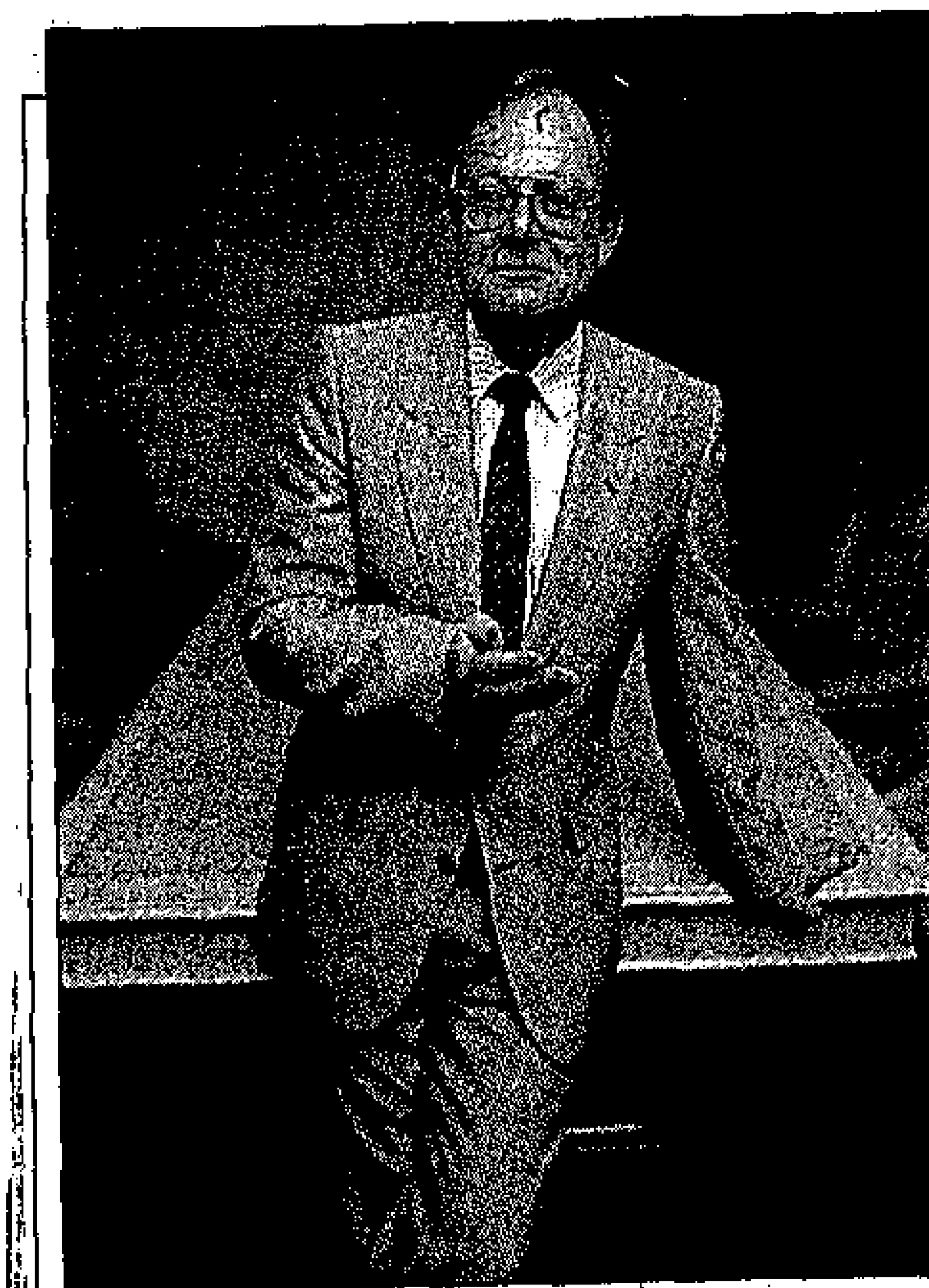
Hungry hotelier

Karos Hotels offers couples who use its facilities a free honeymoon suite and chauffeur-driven Rolls-Royce for brides on their wedding days. The idea has been a winner.

Karos chairman and joint MD Selwin Hurwitz (46) might be a hands-on manager but he stops short of donning a chauffeur's cap and taking the wheel of the company's 1961 Silver Cloud on his free Saturday mornings. Suffice to say the promotion was his idea.

It's that kind of innovation that has seen Karos grow from a tiny, family-owned hotel company into a listed chain with 10 three-star hotels and assets worth more than R110m.

More surprising is that the company has found a profitable niche in an overtraded market. In the six months to end-September (in April the company was reversed into the New Bernica cash shell so figures are adjusted) Karos showed a 36% improvement in



Selwin Hurwitz . . . on the move

turnover to R26m, a 41% improvement in after-tax profit to R4,5m and a 37% increase in EPS.

Hurwitz is pleased with the results but maintains there's no special science in what Karos has achieved. "We just looked for the gaps in the market and made sure we took them."

In 1971, Hurwitz, advocate David Melamet (now a judge) and Ivan Sive, a Pretoria architect, bought the 10-roomed Northam Hotel near Rustenburg in their first exploration of the hotel business. It wasn't really viable but they were after the liquor and off-sales licences.

The next 12 years saw them build the business into a 14-unit chain with country hotels in one, two- and three-star categories. With the advent of government's more liberal liquor licensing policies the group was forced to restructure because liquor sales had been the mainstay of the business.

Says Hurwitz: "I would be sitting with a R1m investment, doing very nicely, and along would come some liquor store competitor, get 45 days from his creditors, and he'd cut my business in half. That's not what I call fair competition."

Between 1982-1987 Karos disposed of seven hotels and about 20 off-sales and bottle store licences. Hurwitz and his partners repositioned the business in the three-star market and concentrated on acquiring quality hotels with about 100 rooms each in sought-after — if not prime — locations.

Included in the company's portfolio are the Arthur's Seat Hotel in Cape Town, Wilderness Hotel, Richards Bay Hotel, Mont-Aux-Sources Hotel in the Drakensberg and (nearing completion) Karos Kruger Lodge near the Kruger National Park. A 1977 merger with the privately owned Hoffmann group added the Safari Hotel in Rustenburg with Stan Hoffmann joining Hurwitz as joint MD.

Reversing Karos into New Bernica has given the group added clout. Hurwitz and his associates still own most of the equity but roughly 40% of the company is held by

288 1/12/89 Finmail

institutions. So, as hoteliers, they have ready access to capital.

They have already started developing timeshare units, at Kruger Lodge, Mont-Aux-Sources and Wilderness, and have plans for substantial expansion in Namibia where the group has acquired two sites, one near the entrance to the Etosha game reserve and another near Nambia park in the south.

Talks with the Mozambican government are also well advanced: the group is aiming to acquire the management contract for the Polana Hotel in Maputo.

Hurwitz was national sales manager of Premier's bakery division 18 years ago. What made a middle manager give up his nine-to-five job and plunge headlong into the tough hotel business?

"I was hungry," he says. Not literally but, with a legal BA and an MBA from Stellenbosch and UCT, he was hungry for achievement: "I wanted to see if I could make it on my own."

Today he lives quietly with his wife (who runs her own executive development business) and two children in Norwood, Johannesburg. He exercises regularly at a gym, reads historical novels and enjoys long walks. His hunger seems to have been satisfied. ■

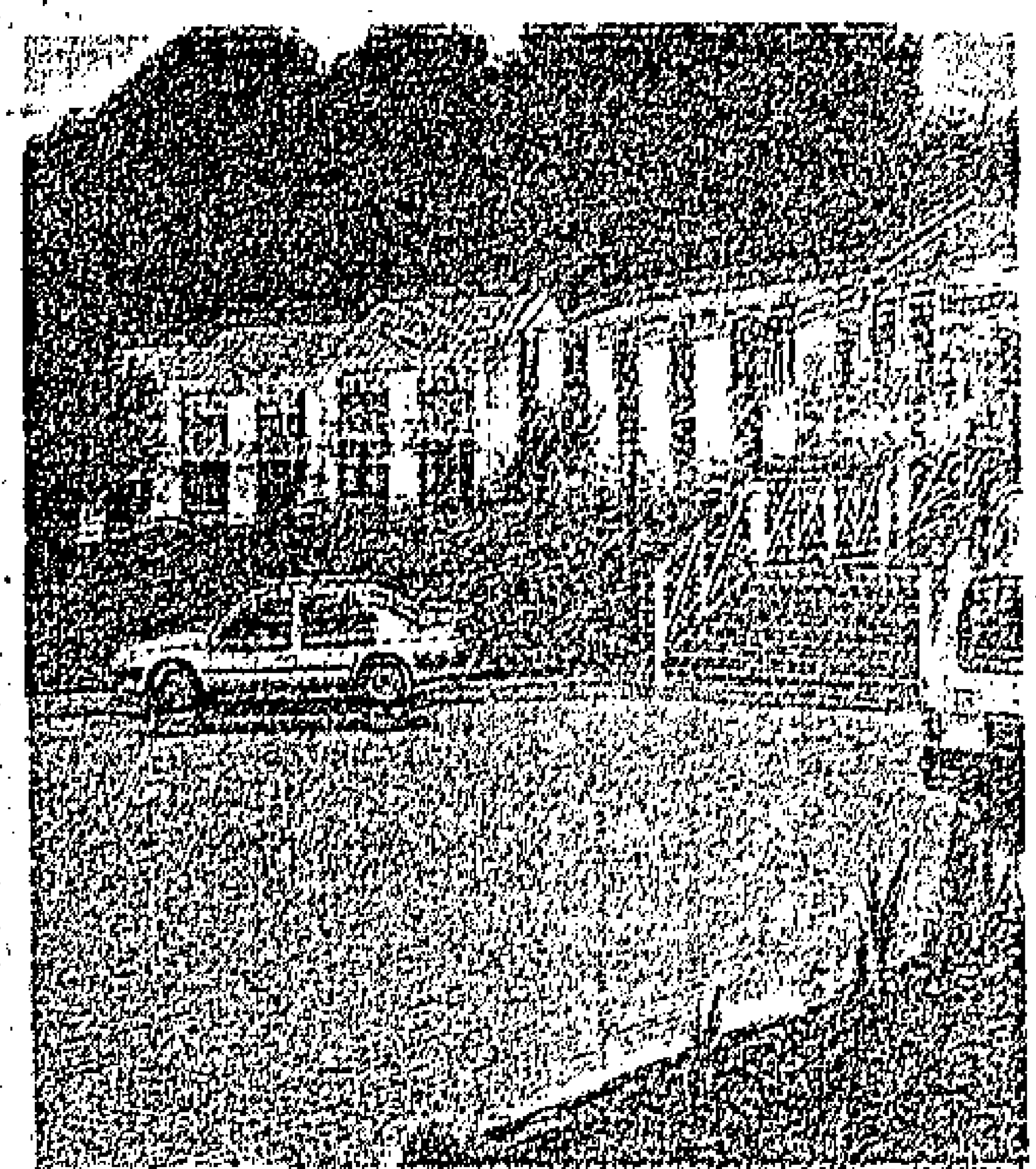
S/Times 3/12/89

288

Room boom as tourists return

THERE is hope for SA's hotel and leisure industry. Tourists are coming back to visit the land of braaivleis, rugby and sunny skies. And they're bringing their lovely foreign money with them to spend here.

But the industry has also been plagued by increased costs, high interest rates and the general slowing down of the economy.

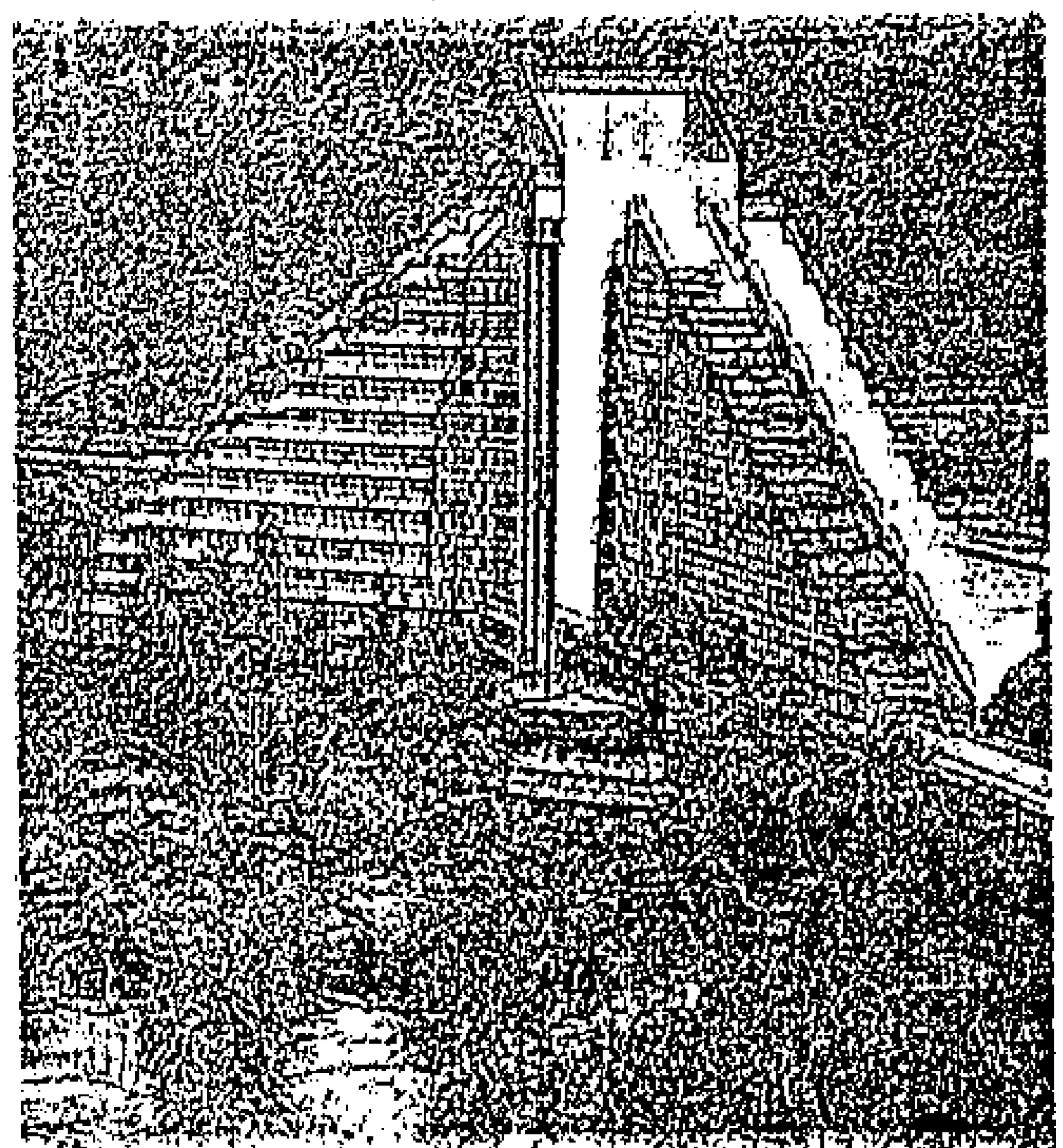


UPGRADING ... Karos have taken care of both the outsides and insides of their hotels

A case in point: On average, hotel income for August 1989 (for all hotel gradings, inflation adjusted) was 12,1% above the same period last year.

Fedhasa's Fred Thermann points out, however, that when considering inflation of 17%, this means a negative growth of -5%. (NB: This figure is just for one off-season month).

But it's not all gloom and doom in the hotel and leisure business. For the first time in many years, hotels saw a dramatic increase in room occupancy during peak seasons in 1989.



FLAGSHIP ... Sun City is still fun in the sun

Pleased

Mr Thermann is cautiously pleased. He points out that, in February this year, hotel room occupancy averaged out at 61%, five points more than February 1988. "It may not seem like much, but there's an enormous difference in earned money," Mr Thermann says.

Central Statistics figures show that 1989 also saw an enormous influx of foreign visitors to SA — 158 000 bed nights were sold in February to tourists, a 21% increase on bed nights sold for the same period a year before.

Most tourists — 46 000 — were from the United Kingdom, followed by 32 000 from West the Federal Republic of Germany.

The figures also show that 12 000 visitors came from Taiwan, 6 000 from Italy, 5 000 from Switzerland and 4 000 from Israel.

Mr Thermann says it appears as though the bleakest years — from 1984 through 1986 — are history.

"It was just not fashionable to come here. Most of the United States tourists were worried that the political situation was so bad that their lives would be in danger so they stopped coming here.

The efforts of individual hotel groups, doing direct marketing overseas, coupled with "our very strong SA Tourism Board's" massive campaigns abroad — have regained some of the markets Mr Thermann believes.

"We've found that the more affluent type of visitor is coming to South Africa. And they are taking planned holidays — motivated by the marketing efforts of hotels, the SATB, tour operators, business or family contacts."

Placed among the Top 100 companies is Kersaf, which has Sun Hotels International, Interleisure, Toron, Ster-Kinekor, Interfare, Intersport, Kersaf Liquor Holdings and Douglas Green in its portfolio.

Ian Heron, the man who took over from Sol Kerzner to become managing director of Kersaf, says there is much room for growth in the tourism industry.

Among visitors to SA, Sun City is the third most popular tourist spot after the Kruger National Park and the Cape. Through riot and recession, occupancy has always topped 80%.

Growth

"The local market is growing in leaps and bounds, and international tourism is the biggest business in the world. Spain draws 44-million tourists a year, compared with our 800 000.

"With our beaches, mountains, bushveld and scenery and the rand so cheap, we have a winner. But we do need to market better.

"We need a better infrastructure. We need better airports, charter flights and so on. Tourism is great because it is labour intensive."

Selwin Hurwitz, joint managing director of Karos — which went public at mid-year — predicts a softening in the domestic market from around March next year.

But he expects "tremendous growth" in the conference and training sector.

"At this time of great political change, the need for conference and training facilities has never been more urgent. A lot of the cash we raised from our listing has been spent on developing or upgrading in this area — especially away from metropolitan areas," he says.

An interesting new trend is the marked increase in two star hotel accommodation attracting tourists.

Figures: In August 1989, out of all foreign visitors, 31,4% stayed in two star hotels, 26,9% in three star, 20,7 in five star, 10,9, in four star and 10,1 in one star.

Mr Hurwitz, who says that Karos has 11 three star hotels in its chain, agrees that there has been a move towards more affordable, relaxed accommodation.

"International tourism will definitely increase next year. There is a problem in that we have no surplus capacity in the game viewing area. If the overseas market does grow, will be be able to meet the demand?

"We should look to providing more capacity for game viewing holidays, which foreign tourists expect when they visit SA."

Mr Thermann says that a desirable pattern that has emerged is that all tourists arriving in Johannesburg — the gateway to SA — are hiring cars, taking the train or catching buses as they travel into the country.

"This is a new trend, where they are seeing the whole country — not limiting themselves to big cities. Getting to see and know all of SA seems

By Charmain Naidoo

to be what they want."

This opens up the country market Mr Thermann believes. But he is appalled by how little interest the public shows in tourism.

"There's a huge untapped market in tourism. Tourism means money — hard cash. It generates not only vast sums in foreign exchange, but also provides jobs for thousands of local people.

"People who work in this industry do not necessarily need to have major hi-tech skills. So tourism can be a way of generating income for a large number of people across the board."

The informal sector could benefit, too. Mr Thermann says this is a whole new ball game for street vendors selling souvenirs, for hawkers and for small businessmen.

"It has to be remembered that quality is of utmost importance here. We are competing with Europe, America and the rest of the world. If baskets are being made for sale to tourists, or bead necklaces — or any locally made traditionally South African goods for that matter — they have to be top quality."

Funds

Only a small percentage of foreign funds is spent in hotels. The rest is spent on transport, souvenirs, manufactured goods, car hire, petrol, holiday clothing ...

"Everyone benefits from tourism, even the Government, which takes at least one third in the form of tax. It's an area that is seriously underdeveloped," he says.

What about South Africans? Are they spending more time visiting within South Africa?

Yes, says Mr Thermann. "There is a huge trend to more leisure holidays inside SA in the form of private safaris and bush holidays."

River rafting, walking trails and game drives have become fashionable.

And South African holiday habits have changed, too. Instead of taking the traditional month-long break, families are taking shorter holidays more frequently.

And the "long weekend" is big business at the moment. Quick get aways — to save time or money — constantly during the year is the preferred "holiday" method.

Are upmarket hotels suffering as a result of tourists preference for two star accommodation?

Mr Thermann: "Not really. Top range hotels in the three, four or five star bracket still find that the major part of their business is foreign tourists or domestic business travellers."

Trends in the past 20 years have shown that the South African product was grossly underpriced and the local public enjoyed very favourabl hotel rates.

"Due to enormous increases in operational costs, labour and food, these figures have over the years been adjusted to make hotels a viable business proposition.

"Today with the downswing in the economy, the domestic market has opted for cheaper accommodation — one, two or three star hotels, holiday flats and the like. The market has adjusted itself," Mr Thermann says.

"Any service industry in 1989, from plumbing, catering to the running of a hotel is very, very expensive," Mr Thermann says.

To stay viable, hotels have had to spend massive amounts on personnel training. "Productivity suffers if internal training does not take place."

Professionalism is the name of the game today — and that goes for operators small or large.

Proper marketing strategies, professional business systems have to be used to survive in a very tough game.

Growth in the hotel industry has been minimal this year. Mr Thermann explains why: "While there is a shortage of quality accommodation at peak times (especially in certain resort facilities, like the Cape), it is not viable to build new hotels for the few good months.

What we need is staggered school holidays in the provinces so that we could be reasonably busy for at least six months of the year," he says.

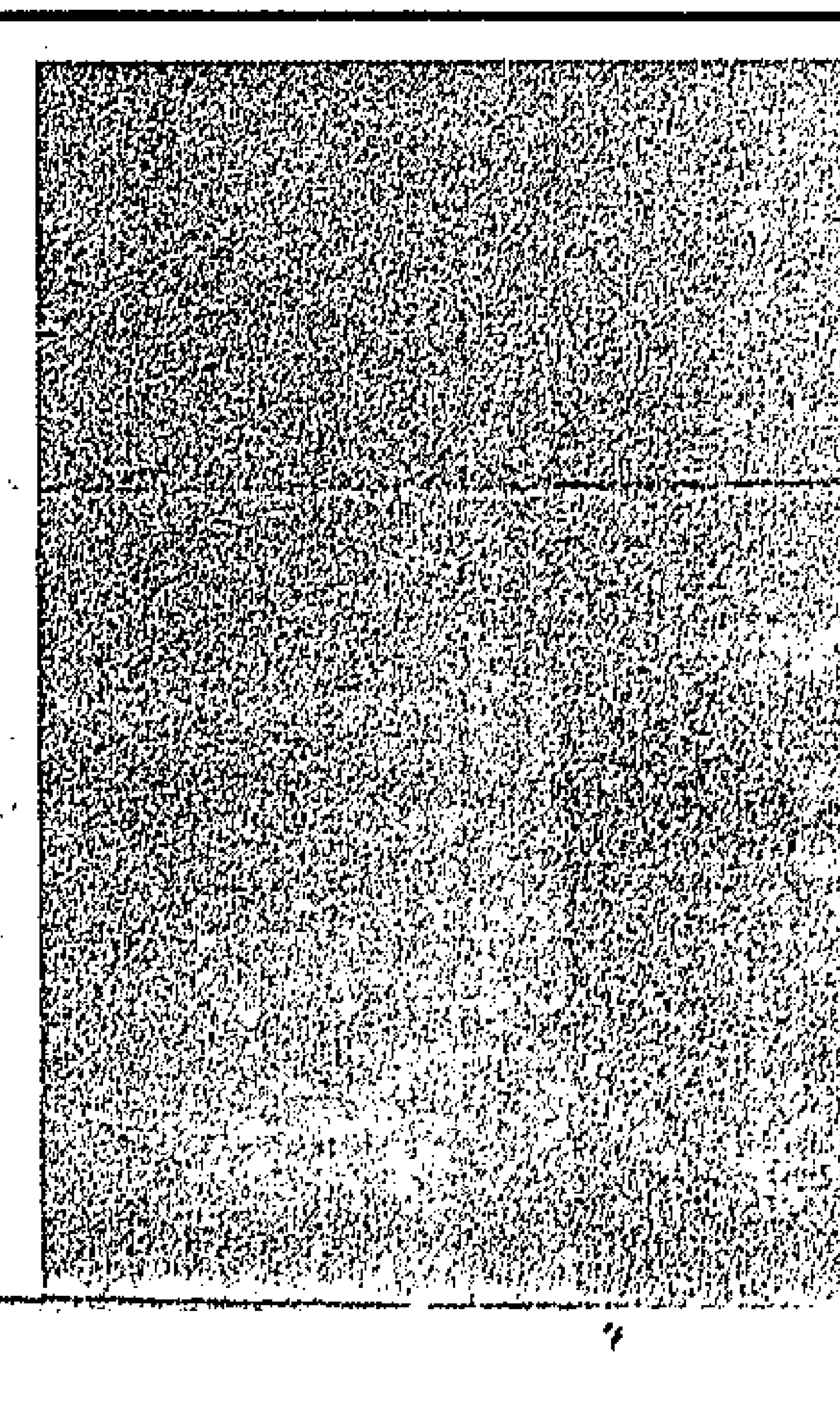
Planning

Planning for the future, he believes, should come from all quarters — local, provincial and national authorities, hotels, food service outlets, leisure, travel and tour operators.

"Everyone has to give priority on how to develop and improve the situation. We need investors embarking on big schemes.

"Foreign money, to develop new or upgrade existing areas and make them compatible with international resorts is essential.

"This would mean incoming foreign exchange and an influx of tourists — because the overseas company would make sure they marketed their resort in their own country."



288

Leak on Sun City's talks with SA musicians slammed as 'mischief'

By JEREMY BROOKS AND CAROL KERRIGAN

OVERSEAS attempts to scuttle anti-apartheid negotiations between Sun City and the SA Musicians' Alliance failed this week.

The leaking of a bizarre document to the Press in London was dismissed in South Africa as "dangerous and destructive mischief-making".

London magazine City Limits carried details of a statement claiming it to be an agreement between Sun International and Sama — the body which includes such artists as Johnny Clegg and Ray Phiri.

But Sun International said the paper, which claimed Sun City would change its name and ban all overseas artists, was rejected more than three months ago without even being considered.

Regret

Sama, which believes the document was drawn up by the US-based United Artists Against Apartheid, was in the dark as to where the leak occurred, but believed it might have come from the US.

Dated October 23, the document reads in part: "In light of the continuing changes towards unity in South Africa, Sun International pledges its unqualified support of the South African Musicians' Alliance.

"Sun International acknowledges with regret that the activities of Sun City to date break the international cultural boycott of apartheid South Africa and in this respect extends an apology to the people of South Africa.

"The company agrees to sever all ties with the international cultural community.

"All cultural activities of any kind, including sports, music, theatre, art and literature originating outside of South Africa shall not be allowed at Sun City or any other venue owned by Sun International in South Africa."

And, says the document, Sun International, in association with Sama, agrees to present concerts featuring South African artists.

But, said Sun International's group entertainment director Miss Hazel Feldman: "I am absolutely devastated by this. I saw this document more than three months ago and it was rejected out of hand without consideration.

"Someone, somewhere is looking to do considerable damage to negotiations already under way and it's a dangerous and destructive piece of mischief-making."

Mr Jabu Ngwenya of Sama said: "This document was drafted outside South Africa and had not even been considered by Sama.

"How it was leaked in London we don't know, but it most probably came from the States. People there see confidentiality slightly differently to us.

Clear

"I don't know what people are trying to achieve by doing this, but we want to make it clear we are continuing our negotiations with Sun City to reach a common ground, and when we reach the stage of issuing a statement it will be done officially as a joint issue."

Sandra's Indaba goes for R20m

S Times 10/12/89

288

By Charmain Naidoo

FIRST National Bank ended an expensive dabble in hotel ownership this week.

It sold the Indaba, north of Johannesburg, to Karos Hotels for R20-million.

First National became involved in the hotel-conference centre when Bob Aldworth was managing director of the bank and romanticaly linked with one-time marketing professor at Wits Business School Sandra van der Merwe. She was marketing consultant to the bank — then called Barclays — at the time of the deal.

First National senior general manager Jimmy McKenzie says the experience cost the bank R33-million.

The centre was sold because the bank now has its Sandown management training centre.

There are now 11 hotels in the Karos chain. Joint managing director Stan Hoffmann says: "The 12-year-old Indaba fits well into our stable.

"We are refurbishing our other hotels, and next year the Indaba will undergo some changes. We want to increase the number of rooms from 114 to about 200."

Mr Hoffmann says: "We think R20-million was reasonable. There is potential for expansion."

● From Page 1

First new hotel in 10 years for Northern Cape

(288)

S/Times 10/12/89

Business Times Reporter

THE Northern Cape's first new hotel in at least 10 years will be built at Upington.

It has been designed on the selected services concept. Developer Willie Burger owns the two-star Upington Protea Hotel.

Mr Burger bought the land for the new hotel from First National Bank.

Building will begin in June, and the project in Upington's business centre should be completed by the end of 1990.

Boost

Following the no frills concept, the hotel will offer only accommodation and breakfast, with a bar service in the evening.

Protea Hotels' managing director Arthur Gillis says: "It will be a welcome boost to hotel accommodation at Upington."

The Boland town of Worcester is now on the Protea Hotel map with the signing of the three-star Cumberland Hotel.

Owner Egidio Cardoso entered into a franchise agreement with Protea in terms of which the group will be responsible for marketing the Cumberland.

Beautiful

Mr Cardoso will remain in charge of the 59-room hotel which has two restaurants, two bars, a gymnasium, squash court, swimming pool and tennis court.

Protea's regional director for the Cape, Miso Markovina, says: "The intention is to court the conference market.

"Worcester is a beautiful town, with its antique buildings and Karoo gardens, and is only an hour's drive from Cape Town."

City smoke ban vetoed

Cape Times 13/12/89

(8) 288

By PETER DENNEHY

THE Administrator of the Cape, Mr Kobus Meiring, has vetoed the city council's plans to drastically cut smoking in restaurants.

Yesterday Mr Meiring turned down the city council's proposed by-law seeking a 50% ban on smoking in city restaurants.

The council had submitted its proposed by-law to him for his approval, as was required before it could become law.

Yet Mr Meiring said he was aware that "an organisation representing the restaurant trade" (the Cape Restaurateurs' Association) had given notice of its intention to contest the by-law in the Supreme Court.

Yesterday afternoon Mr Meiring chaired the last of a series of meetings, in the Provincial Administration building in Wale Street, of representatives of the city council, the Cape Town Chamber of Commerce and the Federated Hotel and Liquor Association of South Africa (Fedhasa) "in an effort to find an amicable solution".

Court action

"All parties were given ample opportunity to state their views and it was subsequently agreed that the matter would be dealt with on a voluntary basis. To this end an ad hoc committee will be constituted, comprising representatives of the above parties.

"The committee will decide on steps needed to further an educational programme rather than introducing regulatory measures at this stage."

Mr Meiring added that the Cape Restaurateurs' Association had agreed to withdraw their court action. He thanked all parties concerned for "the positive way in which they reacted to my appeal to come to a satisfactory agreement".

Mr Louis Kreiner, the city council's amenities and health committee chairman, who attended the meeting with the administrator, said yesterday

To page 2

(8)/288 1989

From page 1

that the council's objectives could also be achieved if smoke-free areas were implemented in eating establishments on a voluntary basis.

The application to the administrator to promulgate the by-law would now be looked at again, he said.

"The situation will be monitored as we go along and we look forward to seeing significant progress in the next 12 months when the whole situation will be reviewed," he said.

Mr James Vivier, regional director of Fedhasa, said: "The smoking by-law is quashed — that's the main thing. We are very happy about that."

He was confident of getting restaurants to set aside non-smoking areas on a voluntary basis, which was fair enough, he said.

"We have never been against the anti-smoking thing, but you just don't impose it," he said.

City councillor Mr Arthur Wienburg, an arch-proponent of the proposed by-law, was upset by yesterday's events.

"The restaurateurs have had all the time in the world to implement voluntarily the measures required by council, yet most have made no effort to put their house in order. It appears that they are not interested in the health of their patrons."

He also thought it was "a disgrace" that the administrator "was not prepared to back up the medical officer of health and the full council where it was seeking to carry out the legal duties entrusted to it".

He wondered whether political considerations had come into play.

Smoking: New plan for city restaurants

CAG Trips. 14/12/89.

(...) 288

Municipal Reporter

CITY restaurants are to set up a star-rating system — and establishments which do not make provision for non-smokers will not be awarded the full five stars.

According to Mr Boris Savvas, chairman of the Cape Restaurateurs' Association, the association plans to implement the system within a year.

He said the association represents about 80% of the restaurant business by volume in the Cape Town municipality.

Mr Savvas said that one of the evaluation criteria would be whether a restaurant provided a smoke-free area, "and anyone who does not provide one will not get all five stars".

The new rating move comes amid a war of words between city restaurateurs and the city council.

The council had tried to introduce a by-law forcing all restaurants to make 50% of their floorspace a non-smoking area.

On Tuesday, Cape Administrator Mr Kobus Meiring vetoed the proposed law, citing restaurateurs' opposition to the ban.

In spite of Mr Meiring's ruling, the confused row continued yesterday as the association threatened not to withdraw its Supreme Court action against the city council.

Mr Savvas said the association had agreed to abandon the court action only if the council would revoke their resolution on the proposed by-law.

He also quoted remarks made in the Cape Times by councillor Mr Arthur Wienberg.

Mr Wienberg had said in reaction to Mr Meiring's decision that restaurants "had had all the time in the world to implement voluntarily the measures required by council, yet most had made no effort to put their house in order".

Mr Savvas said that if the council endorsed Mr Wienberg's views or failed to rescind the resolution on the by-law, the matter will proceed for a "once-and-for-all" ruling by the courts.

- Cape Town's Medical Officer of Health, Dr Michael Popkiss, said he had never been in favour of the 50-50 rule (banning smoking in half of each restaurant) as it had not been shown that this would protect non-smokers.

Cape tourist influx set for new heights

Cape Times 16/12/89 288

By PETER DENNEHY

TOURISTS are streaming into the Western Cape in their thousands and the influx is expected to reach new heights this weekend.

Mr Rainer Schmitz, general manager of Tuncor, which operates the tollgate beside the Huguenot Tunnel, said yesterday afternoon that about 600 vehicles an hour were coming into the Western Cape on the N1.

Outside the holiday season not more than 200 an hour normally came through the tunnel towards the city, he said.

"In the past 24 hours we have had 6 700 vehicles passing through towards Cape Town," he said. "About 1 100 of those were trucks."

Thus far this holiday season figures for vehicles coming towards the city had been about 15% higher than last year's, Mr Schmitz said.

Traffic volumes in both directions were expected to rise further this weekend because the building holiday started yesterday. Several hundred minibuses were preparing yesterday to leave the Peninsula, most of them going to Transkei and Ciskei.

Mr John Robért, managing director of Captour, predicted yesterday that more than 10% more tourists would visit Cape Town and environs this season than had visited last season, which had itself been a bumper year.

Yesterday the Mayor of Cape Town Mr Gordon Oliver, hosted a "Welcome to the Cape" champagne breakfast at the Huguenot Tunnel along with scores of dignitaries and tourism officials.

The Administrator of the Cape, Mr Kobus Meiring, was among those who attended. The mayors of Parow, Kraaifontein, Somerset West, Worcester, Stellenbosch, Paarl and Pinelands, wearing their chains of office, helped to make the travel-weary visitors feel welcome.

Mr Oliver said 130 000 people would visit the greater Cape Town area this month, 40% of them foreign visitors. The total number of non-foreign visitors for the whole of this year would be 600 000, and they would bring direct earnings of some R300 million.

● Yesterday afternoon Mr Robért said his office had already received five complaints from tourists who said they had been "ripped off" by sedan-car taxi-drivers.

Four said they had been charged R20 for a ride from Cape Town station to the Cape Sun, while one had apparently paid R30 to go from the station to the Royal Cape Yacht Club in the docks.

A taxi driver said yesterday that the journey from the central city to the docks should not have cost more than R8.

Illegal parkers at Sandy Bay to be towed away

TRAFFIC authorities have warned that illegally parked cars at Sandy Bay will be towed away — and lifeguards on the famous beach have beefed up their presence for the season.

Mr Les Kirk, Chief Traffic Officer for the Western Cape Regional Services Council, said yesterday that "parking at Sandy Bay at this time of the year is particularly hazardous".

"Cars blocking the roads and the driveways are an annoyance and could obstruct emergency vehicles," he said. "Illegal parking will not be tolerated and besides the R50 fine, offenders could find their car towed away."

Ms Lisa Kruger-Liptrot of the Sandy Bay Conservation Trust said the popularity of the bay was increasing and there was a "pressing need for lifeguards".

Mr Eddy Cassar, spokesman for the Western Province Surf Lifesaving Association, said Llandudno lifesavers and the Sandy Bay Conservation Trust would be meeting next week "to see if the lifesavers could put extra manpower on Sandy Bay over the height of the season".

He would not be drawn on the question of whether lifesavers would wear bathing costumes on the nudist beach.

Red tide danger not over yet

A RED TIDE along the West Coast is continuing to poison some sea foods.

According to Mr Niel du Bois, spokesman for the chief directorate for Sea Fisheries, the toxic tide, which originated off Eland's Bay, will affect the West Coast until mid-January.

Mr Du Bois warned people not to eat white or black mussels collected along the affected areas. He added that seafoods like crayfish, perlemoen and angling fish are not affected by the tide.

The first symptom of poisoning is a tingling sensation in the mouth and fingertips. People with such symptoms should try to empty their stomachs by vomiting and go to a doctor immediately.

16/12/87
288
C. Times

FRIENDLY GREETING . . . Mr Olier (right), clinks glasses with tourist Mr Philip de Klerk at the "Welcome to the Cape" reception yesterday. With them is Mr De Klerk's son Flip, 14. Picture: ANNE LAING

W/ARGUS 16/12/89 (288)

They'll do anything for room in the inn

By GORRY BOWES-TAYLOR, Weekend Argus Reporter

THE holiday hordes have arrived — and the good, or bad, news is that there are more to come.

"The major onslaught from the Transvaal will be only over this weekend," said Mr John Robért, managing director of Captour.

"Transvaal schools closed earlier but most working parents took their leave from yesterday. There will be a big rush in Cape Town on Monday.

"It's been reported that the hotels still have accommodation available. We're finding that there is a great demand for the more economy accommodation. The guest houses are heavily booked and there are more guest houses than last year.

Bed and breakfast

"It's the right accommodation for a growing South African market.

"Captour would like to tell visitors there is always room in the inn."

In October the Homes Bed and Breakfast Association was launched — a scheme where residents open their homes to accommodate tourists. Lists of available accommodation are available through Captour and Satour.

"In Cape Town's high season it has always been almost impossible to find accommodation for love or money," said Mr Roger Luyt, chairman of the steering committee.

"Our association, under the auspices of the Small Business Development Corporation, has been welcomed by all and is proving tremendously popular."

Both the President Hotel in Sea Point and the Mount Nelson in the city have been revamped and refurbished, largely with the summer visitor in mind.

"We've the usual pattern for this time of year — mainly English, German and Belgium tourists," said Mr Nico Rees-Jones, general manager of the President.

"There's always a little lull in the middle of the month, and then we're full through January and February."

Said Mr Nick Seewer, general manager of the Mount Nelson: "There has been more of a demand than this time last year and we're busy through to April. We've Germans, the English are still there, the Swiss are coming quite strongly and the Americans are starting to come again."

Mrs Pam Golding, of Pam Golding Properties, finds there is the usual seasonal influx of rich tourists willing to hand out R6 000 a month to rent a Constantia house with tennis court and swimming pool.

She will let a three bedroom/two bathroom apartment at the Bayview in Hermanus for the same sum, and in Sea Point tourists write out cheques for up to R5 000 a week without blinking.

On all coasts the beaches are more crowded than they've been in the past for this time of year.

Shopping slow

When our visitors are not swimming or shopping for R1-million houses, are they shopping?

Not really, say the shops. Tills are not tinkling as expected, although the upmarket shops say tourists from abroad tend to celebrate Christmas at home and come out here in January and February. Tills should be more free-flowing then.

More adventurous visitors go into the country for day trips. There are pleasant surprises for them.

Cape Town's Mayor, Mr Gordon Oliver, went to the Huguenot Tunnel yesterday to welcome the first of the influx of the season's visitors to that area and hosted a champagne breakfast at the toll plaza.

1

Durban gears up to welcome holiday invaders

S Times 17/12/89

By RYAN CRESSWELL

DURBAN is better prepared than ever before for the annual influx of holiday-makers, say city officials.

About 265 000 visitors are expected to pour into the city this season — a large number of them black — and Mayor Derrick Watterson has sent out more than 50 000 letters appealing for them "to enter into the spirit of the season by exercising patience and tolerance".

286 Patrol

The city council has made sure scores of people will be available to assist visitors on Durban's beaches, some only recently opened to all races, and city police will patrol the beachfront on foot.

Parks department amenities inspectors will patrol the northern and Bluff beaches, a number of temporary beach guides in yellow and black track-suits will help visitors and supervisors will be on hand at paddling pools.

Lifeguards will be on duty at North Beach, South Beach, the Bay of Plenty, Addington and Battery Beach from 6am to 6.30pm and at Country Club, Oasis, Tekweni, Laguna, Brighton and Ansteys, between 8am and 5pm.

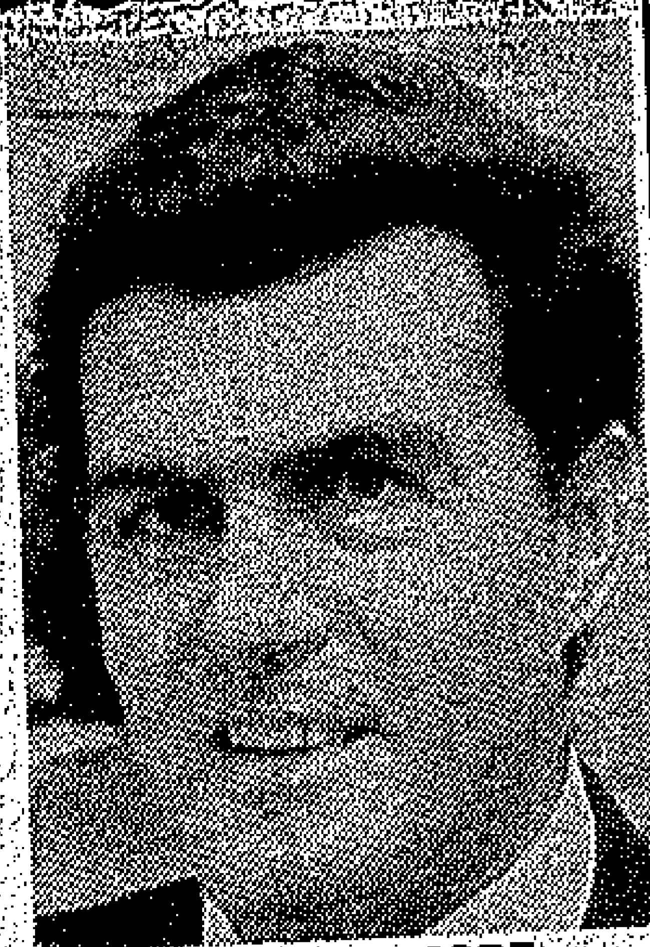
Many major Durban complexes have already extended their shopping hours, with some staying open on Christmas Eve.

How can ling?

Square deal in timeshare

ST Times 17/12/89 (288)

By Charmain Naidoo



GAVIN MICHELMORE ... money-back guarantee

SATISFACTION or your money back — that is the guarantee now offered to first-time buyers by Southern Sun Timesharing.

Managing director Gavin Michelmore says the group is reinforcing its commitment to a fair deal for timeshare owners.

Timeshare owners complained this year after Southern Sun Timesharing, one of the biggest operators, raised its levies by up to 60%.

The reason given for the increase was that the group's wage bill had soared.

SST published a booklet last month for its 25 000 timeshare owners, telling them exactly what their levies were spent on and giving full financial statements for the various resorts.

Mr Michelmore says of the guarantee which comes into effect today: "We are standing by the products and services we offer our clients."

Guarantees are given to first-time buyers in any Southern Sun timesharing resort.

"The two important provisos of our money-back guarantee are that the buyer has personally stayed at the resort for the duration of the timeshare period and that cancellation of the sale has been requested within a week of this visit."

The beleaguered R500-million-a-year timeshare industry experienced major changes this year when the SA Property Owners Association started to clean up the business.

It introduced a code of conduct for developers and laid down rules for timeshare marketers and brokers in an attempt to drive out unscrupulous developers and marketers.

Timeshare's image suffered when some operators ran into financial trouble. Brokers were accused of unfair, high-pressure sales tactics.

How do you measure what part of this disinvestment had anything to do with sanctions?

GROWTH POINT: An aerial view of Port Alfred's marina which some people believe has helped reduce unemployment.

Millions being spent as Port Alfred booms

288

Argus 18/12/89

The Argus Correspondent

PORT ELIZABETH. — Port Alfred is booming. The small coastal town is rapidly developing into one of the major tourist attractions along the Eastern Cape coast.

Millions of rands are being spent on building luxury homes in Port Alfred with the new marina and the Fish River Sun acting as catalysts.

A spokesman for the Port Alfred muncipality said building plans passed this year totalled R6,1-million.

About R80-million has been earmarked for capital development.

Millions being spent

This included money for schools, roads, a sewerage scheme costing R3,7-million, townships and a hospital.

About R10-million is to be spent on upgrading black townships, R1-million on upgrading the coloured township, R15-million on infrastructure work for the marina, R2-million on a small-boat harbour, R8-million on roads and bridges, R6-million on extensions to a high school and R4-millon for a hospital for which tenders have been called.

Meanwhile, the first home owners at the marina will be spending their first Christmas in their new homes.

Among them will be the Mouton family.

Mr Mike Mouton is a SAA jumbo pilot who finds Port Alfred his dream village.

"I searched the world. What I needed was a home from where I could commute to work with the least fuss, yet get away from the strain of daily life in the city," he says.

He finds it an easy drive to East London from where he commutes to Jan Smuts Airport to begin his next round of duty.

Families have already started moving into another three houses and dozens more are expected to be completed by early next year.

One of the marina developers, Mr Justin Steyn, said 40 more homes were in the pipeline with values ranging from R180 000 to R1-million. All but 77 of the 360 plots had been sold.

Unemployment down

He said that even although many homes still had to be built people were flocking to Port Alfred to see the marina, look at their plots and just have fun.

He said Port Alfred was en route to the Fish River casino and the town reaped the benefit.

He said the building of the stone walls for the marina had given employment to many.

"There is no doubt whatsoever that the marina has reduced unemployment in this area considerably," he said.

Black tourism booms: R400m spent last year

CAPE TIMES 18/12/89

(288)

JOHANNESBURG. — The black tourist industry has boomed, with 1,25 million blacks contributing R400 million last year to the overall total of R4bn estimated for the sector.

Giving these figures yesterday, Ms Karen Kohler of Durban-Westville University's Institute for Social and Economic Research Unit (Tourism), said the figure would increase to 2,5m black tourists in 1995 and 5m by 2000.

The head of the research unit, Professor John Butler-Adams, said the figures could be considered "conservative", as there were different areas of expenditure by black tourists.

Ms Kohler said blacks constituted 20% of Durban's tourism market — and about 60% of the city's hotel accommodation was taken up by blacks. This was expected to be far higher this holiday season.

Tourism generated more than R3bn of Durban's revenue last year and there was a tremendous increase in inquiries this year.

Satour executive director Mr Spencer Thomas said the opening up of amenities to blacks had made possible a vast tourism market which was a future area for expansion.

"The scenario has changed over the past few months and now we can actually promote black business," said Mr Thomas. "South Africa is unique in Africa in the sense that local communities can generate tourism."

Goss, Heron resign in Kersaf-Sunbop shake-up

STAR (288) 19/12/88

By Ann Crotty

Last night's announcement that Kersaf chairman Dick Goss and managing director, Ian Heron are to resign from all the boards in the Kersaf group, has rekindled market speculation that the Sun King, Sol Kerzner may be on the verge of taking a major role in Sun International Bophuthatswana (Sunbop).

It has also led to some speculation over the future relationship between Sunbop and Kersaf.

According to the official announcement the two top Kersaf men are resigning as a result of the implications of a restructuring at Sunbop but makes no mention of any specific issues that would have led to the chairman and managing director of a major group like Kersaf resigning simultaneously. Sunbop is the single major profit contributor to Kersaf.

There is some speculation that Mr Kerzner, with the backing of the Bophuthatswana government and development corporation (who jointly with Kersaf control Sunbop) is attempting to get a larger stake in Sunbop.

Yesterday's announcement from Kersaf and Sun International was brief and specifically uninformative. It stated: "The Government of Bophuthatswana and the Bophuthatswana National Development Corporatation recently approached the boards of Kersaf and Sun International with a request to restructure certain organisational aspects of Sun International (Bophuthatswana) and the rele vant boards have agreed to this request.

"In view of the likely implications of the proposals, the role of Kersaf Chairman RJ Goss and MD IC Heron, will be materially affected.

"In the circumstances, they have both decided to retire from all boards in the Kersaf group and their retirements have been accepted with regret by the boards of Kersaf and its subsidiaries.

"In view of these resignations, Mr DA Hawton, the deputy Chief Executive of Safmarine and Rennies Holdings has been appointed as Executive Chairman of Kersaf and Sun International."

None of the interested parties was available to provide further comment that might clarify the nature of the restructure at Sunbop and the future roles of Mr Heron and Mr Goss.

Over at Safren (which holds around 75 percent of Kersaf and is in turn 49 percent held by Old Mutual) chairman George MacMillan, refused to comment, saying only that further details would be released in a few days.

Last week's strong movement in the Sunbop share price was accompanied by rumours of Mr Heron's pending resignation from Kersaf which suggests that not all investors were surprised by last night's announcement. The share began the week at around R17, reached a high of R21 on Wednesday before easing back to yesterday's level of R19,80.

The sharp rise in the share also revived speculation that Mr Kerzner was set to take a more active role in the management and development of Sunbop.

In August, Mr Kerzner announced that he was setting up an international leisure consultancy group which would be involved in planning resort and entertainment projects for Sunbop. At the same time he announced his retirement as director and CE of Royale Resorts (a partnership between Sun Hotels International and UK-based British and Commonwealth Shipping.) He also opted not to remain as chairman of Sunbop but remained on as a director.

At the time that the Transkeian bribery scandal broke last year, Mr Kerzner resigned from all the boards of the Sun International group (which holds around 80 percent of Sunbop and in turn is controlled by Kersaf) but was asked by Bophuthatswana president Lucas Mangope to stay on the Sunbop board.

In recent months analysts have been speculating that Mr Kerzner and Mr Mangope (representing the Bophuthatswana government) wanted to increase their combined stake in Sunbop. But it was difficult to see Kersaf agreeing to reduce its stake in what is its single most attractive investment.

In the last financial year, Sunbop contributed 32 percent of Kersaf's income.

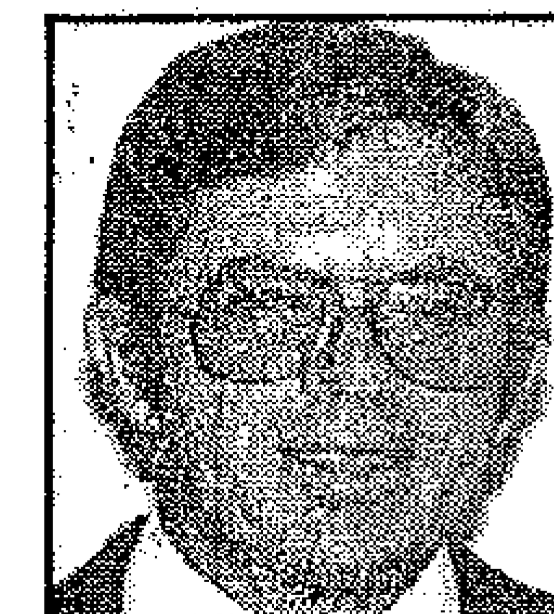
It has shown an annual average growth in attributable earnings of 34,5 percent over the past nine years.

The strong performance is not restricted to Sun City. Since financial 1984 profit increases have come mainly from developments outside Sun City such as the Morula Sun, Thaba'Nchu, Molopo and Taung.

Mr Kerzner is believed to indirectly control about five percent of Kersaf. There may be some scope to exchange these shares for Sunbop shares.

Sol Kerzner

Dick Goss



Ian Heron

TUESDAY
December 19 1989
Johannesburg

The Star

South Africa's largest daily newspaper.
Established 1887.

53c + 7c GST

STAR (288) 19/12/89.

Sol set for comeback at Sun helm

Finance Staff

Casino tycoon Mr Sol Kerzner is set to make a comeback at the helm of Sun International, the hotel group which he built up into a multi-billion rands international entertainment empire.

Recent speculation about his return was fuelled yesterday when Kersaf chairman Mr Dick Goss and managing director Mr Ian Heron announced their immediate resignations. Kersaf is Sun International's holding company:

This followed representations to the board of Kersaf and Sun International (Bophuthatswana) by the Bophuthatswana government to restructure certain organisational aspects of Sunbop.

Mr Kerzner, who is now holidaying at Hout Bay in the Cape, heads an international leisure consultancy group in London. But intense speculation about his imminent return to Sunbop/Kersaf resurfaced last week when he attended the Million Dollar Golf Challenge at Sun City and its 10th anniversary celebrations.

Mr Kerzner resigned from the board of directors of Safren (Kersaf's holding company), Kersaf, Sunbop and the Bermuda-registered Royale Resorts International, in February this year.

This was after his admission to the Harms Commission that he was responsible for a R2 million bribe to former Transkei leader Chief George Matanzima in exchange for exclusive gambling rights in Transkei.

Safren's deputy chief executive, Mr Buddy Hawton, replaces Mr Heron as executive chairman of both Kersaf and Sun International.

● See Page 22.

Mr Sol Kerzner

Compiled on a ... FC

Outlook bright for Karos shareholders

STAR 19/12/89

Diagonal Street

288

LYNNE PEACH

Shareholders in Karos are set to benefit from both good organic growth and acquisitional expansion over the next few years, brokers say.

They predict that Karos will exceed management's earnings forecast of 35c a share for the current financial year to March 1990.

Karos, reverse-listed through the New Bernica shell at the end of June, has been achieving occupancy levels in line with industry trends and should do better in the second half of the financial year, which is traditionally stronger.

Occupancy levels should be enhanced by group emphasis on facilities for the growing conference and training markets and by increasing tourism.

Recently completed refurbishment projects should further benefit occupancy levels.

The major refurbishment of a further seven hotels is expected to be completed by the financial year-end.

The Karos chain comprises eleven hotels, including the 96-room Karos Lodge outside the the Kruger National Park, which is scheduled to open next March.

The group wholly owns the land and buildings of ten of its hotels.

In the six months to September, turnover was R26,4 million. Assuming the restructuring of the group occurred in April 1988, this represents an increase of 36 percent on the adjusted sales figure of the previous interim period.

Operating profit stood at R6,4 million before depreciation and amortisation of R1,2 million and net interest expense of R670 000.

These deductions resulted in pre-tax profit of R4,6 million. After-tax expense dropped from R146 000 to R56 000. Attributable profit reached R4,5 million — 4[illegible] percent higher than the comparative figure provided for the previous interim period.

Earnings per share were 16,2c after the weighted average number of shares in issue climbed from 15 million to 27,8 million.

The increase in earnings was 37 percent-based on the pro forma comparative figure for the six months to September 1988.

The rise in dividend cover from 0,8 times to 2,7 times caused the actual dividend payout to fall from 13c to 6c.

The balance sheet showed gearing of 40 percent, based on interest-bearing debt of R29,3 million. If cash holdings of R10,2 million are taken into account, gearing is reduced to a more comfortable 26 percent.

The net asset value is 259c. Based on projected earnings of 35c a share for the current year, Karos, priced at 195c, is trading on a forward P/E ratio of 5,7.

Assuming dividend cover is 2,7 times, the prospective dividend yield is 6,7 percent.

Brokers believe the share is a bit undervalued, especially in view of the group being in a development phase, with significant long-term growth potential.

Kersaf: gambling rights are at stake

288

A 1 Day 20/12/89

REINIE BOOYSEN

GAMBLING rights in Bophuthatswana appear to be at the centre of the storm which culminated in the departure, announced on Monday, of two Kersaf directors — chairman Dick Goss and MD Ian Heron.

Top sources in the financial community said yesterday that Sun International (Bophuthatswana) — SunBop — originally negotiated a 10-year exclusive gambling rights agreement with the Bophuthatswana government, which would have expired on December 7.

SunBop MD Peter Wagner yesterday declined to confirm or deny this. Speculation in the community is that Bophuthatswana President Lucas Mangope was using renewal of the gambling rights as leverage to extract a better deal for the Bophuthatswana National Development Corporation (BNDC), which is joint controlling shareholder of SunBop, together with Kersaf subsidiary Sun International.

These two companies each have 41% of SunBop's equity, held in a pyramid holding company. Talk is that Mangope, possibly aided by former Sun International supremo Sol Kerzner, is demanding a bigger slice of the cake for the BNDC.

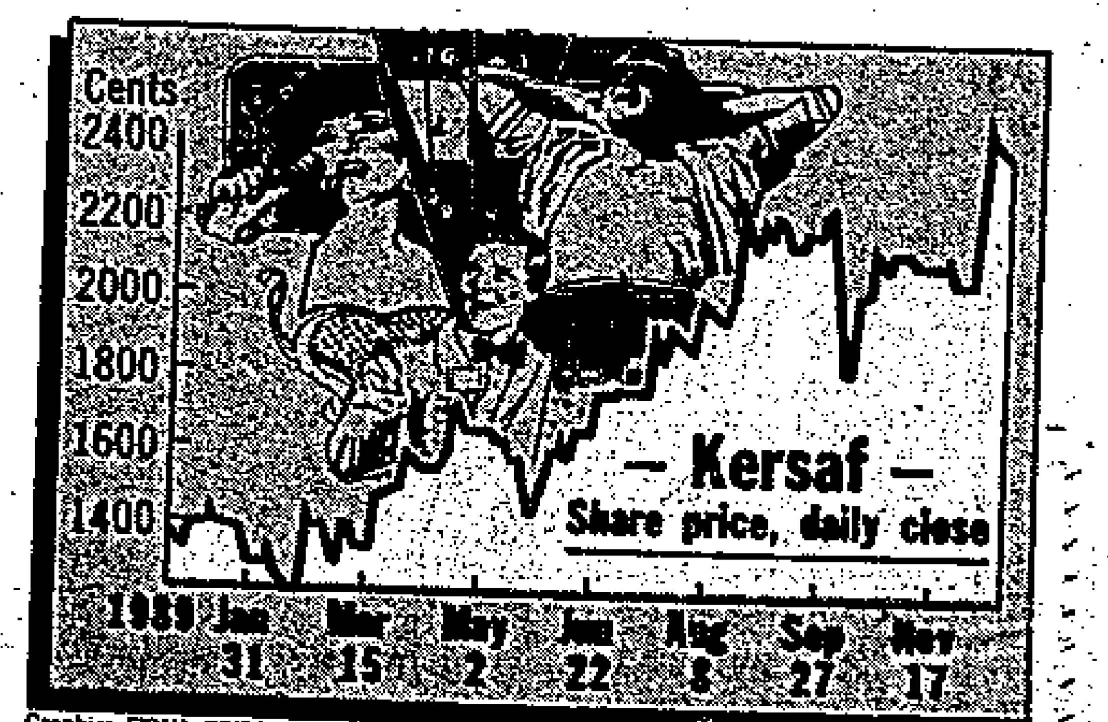
This may even entail a takeover bid for control of SunBop, say sources. Business Day yesterday telephoned Kerzner at his residence in Hout Bay, but he refused to comment.

Analysts say it is common cause that SunBop, and particularly Sun City, is the foundation stone and strategic future of the entire Kersaf group. In the last financial year to June 1989, SunBop was responsible for 38% of the Kersaf group's turnover, and 43% of its earnings. The analysts point out that growth potential for Kersaf is largely restricted to SunBop.

One analyst said that Transkei Sun had been largely negated after the disclosures of bribery and corruption.

"Ciskei Sun does not have the population to support significant growth. Maseru is losing trade to SunBop's Thaba'Nchu Sun operation. Swaziland is already overtraded, as is Mauritius," he said.

☐ To Page 2



Graphic: FIONA KRISCH Source: JSE

Kersaf

B/Day 20/12/89

288

☐ From Page 1

"Botswana can support at most another modest commercial hotel, and we all know what's going down in the Comores. Where does that leave us? The greater Witwatersrand metropolis — and SunBop, and Lucas Mangope."

There is also talk that Kerzner may be negotiating his own exclusive deal in Bophuthatswana, possibly for a greater stake in SunBop, or an entirely new operation, with gambling rights in competition with the established operations.

Sources close to the Bophuthatswana government said the removal of Goss and Heron was being insisted upon by government and "other parties" as one of the essential terms of any new agreement.

Meanwhile, on the JSE, shares in Safren, Kersaf and SunBop eased; Safren by 2,4% to 4 050, Kersaf by 1% to 2 400 and SunBop by 1,3% to 1 975. Some analysts say it is likely that Kersaf will be delisted.

Their view is that Safren wants a bigger part of the Kersaf action. This would be achieved by taking out the minorities, and could include Kerzner and associates (possibly the Goss-Kerzner private company which owns 10% of Kersaf).

The delisting process and taking out minorities would include shedding the 21% Southern Sun-Sun International cross-holding, a remnant of the 1983 formation of Sun International from Southern Suns.

Other analysts believe there is some connection with Liberty Life, through Royale Resorts. It has R121m from the sale of three French casinos, and is poised for European expansion after a rights issue. This might represent an opening for Liberty — but chairman Donald Gordon, speaking from his holiday home in Plettenberg Bay, denied any knowledge of a Liberty Life link.

What is in dispute is whether Kerzner is wanted back. One theory is that he would reassume his role in Kersaf, and the minorities' takeout would enable him to boost his direct holding in Kersaf, or perhaps SunBop.

The alternative theory is that Safren and Old Mutual want him out of Kersaf but retaining a role in SunBop, which would satisfy Mangope. But it is unclear how this explains the departure of Goss and Heron.

☐ BRENT MELVILLE reports a high ranking SunBop source, directly involved in negotiations last week with Bophuthatswana government representatives, confirmed yesterday that Sol Kerzner's name "had come up".

SunBop MD Peter Wagner said that Mangope was "definitely not involved at any level". He said Kerzner was involved but added that negotiations were at a very sensitive stage. The reorganisations would not effect SunBop at all, he said. The Kersaf board would meet again next month.

Sun makes headlines — again

288

Bday 20/12/89

ROBERT GREIG

IN ITS six years, Sun International and its holding company, Kersaf, have seldom been out of the news.

This is because their operations are newsworthy: the group ensures they remain so. But it is also because the Kersaf group has shown equal but opposite zeal in not explaining major management changes to the market.

Monday's announcement of the resignations of Kersaf chairman Dick Goss and MD Ian Heron is one of a succession of management changes whose news has been trickled to the market with minimal explanation, raising more questions.

High drama

Earlier examples are the August resignation of former Kersaf MD Ken Roseveare, along with a four-year restraint of trade worth R2m; and the July resignation of Sol Kerzner as chairman of SI, deputy of Kersaf and director of Safren in the wake of Transkei bribery disclosures.

SI was born six years ago in an atmosphere of high drama. High drama, the product of secrecy about management and strategic changes, has characterised its style ever since.

It was the offshoot of a short-lived agreement between major SA companies: JCI, Liberty Life and Anglo American. The agreement saw the restructuring of SA Breweries, headed by Dick Goss. Kerzner, then head of the successful Southern Sun, was a director of SAB.

The agreement, known as the Landdrost Accord, established Premier Milling as an investment holding company with 34% of Breweries, also owning 100% of the trading interests of Premier's manufacturing and trading interests.

The agreement lasted two months. By his own admission, Kerzner was "demotivated" and wanted out.

Eventually Kerzner got what was known as the crown jewel of Southern Sun, its casino interests.

Goss left with Kerzner and with them went leading Southern Sun managers, with Southern Sun getting 20% of SI and SI 21% of Southern Sun.

Sun International's focus was the casino operations formerly held by Southern Sun and Holiday Inns in the "homelands". Southern Sun retained the domestic resorts and business hotels and remained within the SAB group.

Some analysts believe that behind the latest resignations is a plan to tidy up the group's structure.

The Kersaf group, in which Kerzner and Goss hold 6%, the public 18% and Southern Sun 21%, is ultimately controlled by Old Mutual through Safren.

Kersaf in turn controls three operating divisions: Sun International (80%); Interleisure (39%) and Kersaf Liquor (100%).

SI holds 41% of Sun Bop, with the Bophuthatswana government and its National Development Agency holding the remainder. SI also holds 43% of Transun and 39% of Interleisure.

Transun's operations in Transkei eventually saw the exit of Kerzner from southern African operations, though the degree of exit has been disputable.

In July 1989, the Transkei's Harms Commission found Transun had paid a R2m bribe to former Transkei prime minister George Matanzima.

The commission also disclosed three false statements in the Transun prospectus and referred that matter to the Transkei government.

Mr Justice Harms recommended that neither Kerzner nor his associate, former Cape Town mayor David Bloomberg, be prosecuted in SA for bribery or corruption.

The disclosure both succeeded and preceded curious events. It succeeded fervent protestations of virtuous business practice by Sun International a year before. When Business Day alleged the contrary, SI sought and gained a public apology.

Paid newspaper advertisement placed by SI said "the conduct of Sun International and Transun is beyond criticism".

Kerzner's explanation of the bribe to the commission in a secret affidavit was that Matanzima was threatening him with the loss of "exclusive gaming rights". The bribe was to protect them.

Reaction by leading companies and business figures in SA to the issues of business morality raised were ambiguous.

Safren "unanimously resolved Kerzner will continue to enjoy our confidence and support", adding that this decision was based on a view of Kerzner's contribution to the Kersaf companies and the economies of southern Africa.

It did add, however: "This support in no way condoned the unfortunate events which emerged at the commission of which we were previously unaware."

Having committed its confidence and support to Kerzner, while not condoning "unfortunate events", Safren let Kerzner go a month later, in July.

But apparently because of the insistence of Sun Bop's other majority shareholder, the Bophuthatswana government, Kerzner remained on Sun Bop's board.

In August, with little explanation, Heron succeeded Roseveare as MD of Sun International.

Kerzner was to head an international consultancy, partly but not exclusively involved in planning Sun City Mark 2 and the Babalegi resort in Bophuthatswana which had been on the cards since at least 1986.

He was also involved in the establishment of European operations.

The international wing, Royale Resorts, owned four French casinos. It sold three and the proceeds, along with those from a rights issue, raised R121m for future European growth.

Target

At the moment, Transun's operations are on hold pending the result of litigation to determine Transun's exclusive Transkei gaming rights claim. The Umtata Sun's R2,9m establishment costs have been written off.

Namibia is a target for a Kersaf subsidiary and the market has speculated about an operation in Mocambique. The Indian Ocean interests in Mauritius have been successful; the effect of the coup on the two Comores Suns is unknown as yet.

Sun Bop is cash rich and poised for further development, presumably with Sol back in the saddle again.

REVIEWS

jail cell. | proved. — Sapa. | nonstrikers at Tembisa on the East Rand left one man dead and three others injured. | al that dismissals be arbitrated.

● See Page 4

Champagne is putting some fizz into the wine sector

(288)

DAVE LOURENS

SPARKLING wine is one sector of the declining wine market which is showing growth, with sales rising by 16% to 8-million litres this year.

Hotelier and Caterer magazine reports that the growth in the sector closely reflects European trends. B/Day 21/12/89

Despite the strong growth of the methode champenoise sparkling wines, the market leader remains the Grand Mousseux range, which accounts for more than a quarter of the R60m market.

The best single seller is Cinzano Spumante, with annual sales of more than 1,6-million litres, or 21,6% of the market.

Second place belongs to Grand Mousseux Vin Doux and third to J C le Roux's Le Domaine. The best selling pink sparkling wine is Fifth Avenue Cold Duck.

SFW's Mike Boehmke, brand manager of Grand Mousseux, attributes the success of sparkling wine in general to people being more quality orientated.

SFW's Schalk Burger says growth in the sparkling wine sector has come mainly from products priced between R4 and R6.

The more expensive methode champenoise products have also shown growth. The R6-R8 category has remained relatively stable in volume, and those brands are fighting for market share.

The methode champenoise products are made in the same way as true French champagne. This technique was pioneered in SA by Frans Malan of Simonsig, who produced Kaapse Vonkel.

Annies Breytenbach, marketing director of The Bergkelder's J C le Roux range says the aim is to produce larger quantities of methode champenoise sparkling wine so that the price will be more acceptable to the average consumer.

B/Day 21/12/89

Kersaf shares plunge on Heron, Goss resignations

REINIE BOOYSEN

ALL SHARES linked to the shaken Kersaf group dropped sharply on the JSE yesterday, albeit in relatively thin Christmas holiday trade.

Top listed company Safren declined 11,4%, or 200c, to R38,50, Safren subsidiary Kersaf declined 11,5%, or 275c, to R21,25 and Kersaf-controlled Sun International (Bophuthatswana) declined 11,4% to R17,50.

With little hard information on the precise reason for the sudden departure of two top Kersaf directors, chairman Dick Goss and MD Ian Heron announced on Monday, some investors obviously played safe and baled out of these companies while their shares were still relatively strong.

Meanwhile, Transkei leader Major-General Bantu Holomisa said yesterday the question of whether Sun International (SI) held exclusive gambling rights in the Transkei would be aired in the Umtata Supreme Court on 24 and 25 January.

Holomisa said that the Transkei Attorney-General was still considering issuing a warrant for Kerzner's arrest.

Analysts are unsure what will happen on the market tomorrow in view of the thin trading interest.

288

"Most investors are on holiday, and they really can't be bothered with these developments," said an analyst.

It appears as if former Kersaf supremo Sol Kerzner has set up an operations command at his Hout Bay retreat in the Cape with mounting speculation that he is plotting a comeback to SA business.

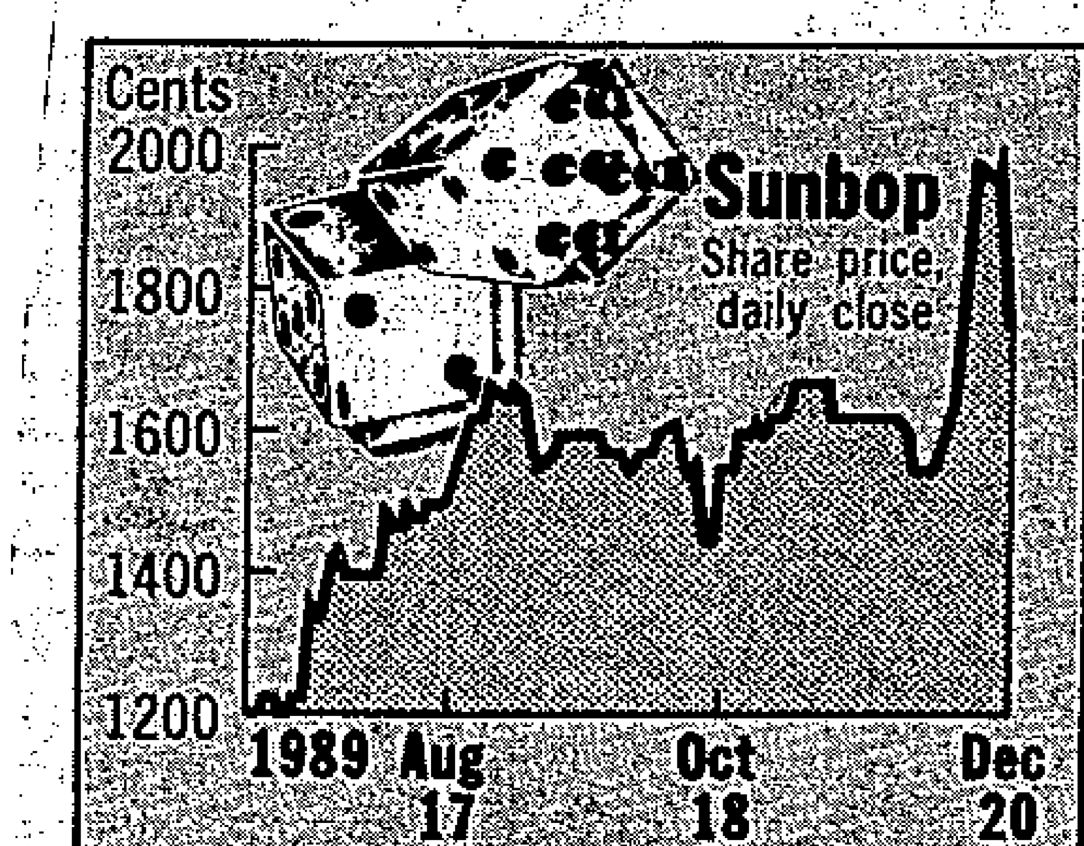
All telephone calls to the estate were being screened by assistants who told callers that Kerzner was "very busy". "It smells just like a Sol Kerzner campaign," said a JSE analyst.

"Whenever he's on the verge of pulling off a big deal, he huddles up with his trusted associates and plots his steps."

All directors of companies associated with the Kersaf group have apparently agreed to be silent on the matter.

Bophuthatswana Finance Minister Leslie Young, on holiday in Knysna, was tracked down but he refused to comment.

In an attempt to explain the matter, analysts have drawn parallels between the recent resignation of Goss and Heron, and the resignation of Goss from SA Breweries in 1983 only days before he joined Kerzner's famous deal to take control of the casino operations from SAB.



Graphic: FIONA KRISCH Source: JSE

BUSINESS PERSONALITY OF THE WEEK

W/C-ARGUS 23/12/89

Flying high on success

288

By TOM HOOD
Business Editor

THE first charter air flight to touch down in Cape Town this week could be the pathfinder of many more next year.

At least that is the aim of Mr Johan Brits, managing director of Masterbond Trust, the local organisation behind the cut-price flights bringing tourists to South Africa.

"We will be applying for further charters from Britain next year and we are also investigating the German market. It is a logical extension from England to Germany," he says.

"That's why we started looking at charter flights — it looked like a money making venture."

Masterbond was largely a participation mortgage bond business when Mr Brits and chairman Koos Jonker left Owen Wiggins Trust to start it five years ago. Now it is heavily into the holiday, leisure and tourism businesses.

Investigating the tourist business, Mr Brits discovered the established air lines could not cope with demand at the end of the year. He started off by getting Caledonia Airways to organise 21 flights, but most of these were grounded when South Africa was able to prevent return flights picking up fare-paying South Africans. Eventually, five charters from London to DF Malan were allowed.

Mr Brits believes the attitude of SAA to protect its own business is short-sighted. More tourists have an important spin-off in internal flights as visitors go to other parts of country.

"If a tourist came here on a R2 000 flight and spent what he saved on fares inside the country, that could not be termed an outflow of capital. Each British tourist, for example, normally spent about £100 a day on holidays.

"If we could get 21 flights, we would have more than R42 million coming into the country," he said.

Support from Captour, Wesgro and the public had been "tremendous" and he believed there was a good chance of more flights being allowed next year.

Mr Brits, a chartered accountant who qualified at UCT, lists skiing and sailing among his interests so he obviously fits well into the big business of leisure.

When he took over the helm at Masterbond, the group controlled only R20 million of funds — it now controls about R240 million. This exceptional growth he attributed to aggressive marketing.

The company got into the leisure business as Mr Brits and colleagues looked at new investment opportunities for its client base of 8000.

"The stock market was booming in 1986 and Masterbond could not afford to invest in equities for growth, but we decided on property type investments to give capital growth," he recalls.

Industrial and commercial properties had very good potential. But he realised that the area of best growth was going to be the leisure business, especially the leisure business of property. But it had to be soundly researched. For a start there is a serious shortage of hotels and leisure type accommodation.

"When the tourist boom started three years ago we could see the potential in tourism. Leisure properties and holiday properties will see good growth in the next 10 years."

Cape Town is seen as one of the best growth areas for hotels and a 60 to 100 room hotel is planned for the Rosenfontein.

Johan Brits . . . tourism ahoy!

Slogging at Sun City's entertainment

288

It takes loads of guts and stamina to persevere in a job which entails negotiating with top international stars to break the cultural boycott and perform at Sun City in Bophuthatswana. Director of Entertainment for Sun International, Mrs Hazel Feldman, has been the driving force behind these tough and increasingly frustrating negotiations. She spoke to JANET HEARD.

There is something special about putting an idea forward for an act, working on it day and night and then sitting back on opening night and seeing the fruits of your labour unfold before your eyes, said Mrs Hazel Feldman, Sun International's Entertainment director.

The job, Mrs Feldman said, was by no means full of glamour and she cannot remember when she last had a work-free weekend or evening with her husband and two children.

She is responsible for the booking, presentation and marketing of all major entertainment for Sun International. She controls an annual budget of about R20 million and is paid to enter multimillion-rand negotations to bring stars to Sun City.

During Sun City's formative years her efforts were met with resounding success and a string of international stars ventured into the Superbowl between 1981 and 1985.

But then President Botha's Rubicon speech rocked the international community and greater support was given to the boycott movement.

"The wheels came off with the political situation — 95 percent of my time is now spent dealing with politics, and maybe five percent doing what I want to do — producing shows and events.

Mrs Feldman, not being the type of person to throw in the towel, changed course and started focusing on other acts such as "Gymnastics Goes Hollywood", the "Wheel of Fortune Show" and showcasing local artists.

"Anyone feels at some time, 'What am I doing this for?' I go through highs and lows like a yo-yo."

She said her biggest challenge this decade had been to keep up the momentum experienced in the formative years.

"We have not been able to pick and choose because of the political situation. This year, we had Laura Branigan and Irene Carter. There was a time when we were running six acts in a year, but we are not in that situation now (see biography)."

Her personal highlight was George Benson and "one of my finest moments was when I got Rod Stewart on stage with Elton John".

The extent to which the cultural boycott has affected showings is reflected in the budget, which she said had not altered much since 1984.

Reflecting honestly on her views on politics and culture, she said: "You cannot escape the fact that a cultural boycott exists, and that it has repercussions for the entertainment world, and that it has grown stronger teeth in the last few years."

The most notable blow occurred this year when the much-publicised Commodores pop group cancelled their booking shortly before they were due to perform at Sun City after mounting pressure from the anti-apartheid movement.

Her ambition for the 90s was to get the "cream of local talent showcased at Sun City", artists such as Johnny Clegg, Mango Groove, Lucky Dube and Brenda Fassie. She realised this would be a difficult task.

Mrs Feldman has left with her husband for Mauritius to spend her first holiday in 10 years with her husband, which was not combined with business and was longer than two weeks.

Mrs Hazel Feldman . . . spends 95 percent of her time dealing with politics.

1981: Handled the opening of Superbowl. Stars included Frank Sinatra, Cher, Shirley Bassey, Rick Wakemen and the Beach Boys.
1982: Appointed general manager, Sun City Entertainment: Olivia Newton-John, Paul Anka, George Benson, Liza Minnelli, James Last, Kenny Rogers and Dolly Parton.
1983: Julio Iglesias, David Essex, Barry Manilow, Linda Ronstadt, Christopher Cross, Rod Stewart, Elton John, David Essex and Liberace.
1984: Chicago, Andy Gibb/Landers Sisters, Shirley Bassey, Boney M, Queen and Julio Iglesias.
1985: Rod Stewart, Howard Keel, Shakin' Stevens/Elkie Brooks, Danny Williams.
1986: Louis Clark.
1987: Black Sabbath, Status Quo and Modern Talking.
1988: Modern Talking, Laura Branigan.
1989: Irene Cara and Laura Branigan.
The eleventh extravaganza, Celebration.
The Commodores cancel proposed tour in June.

century, anti-Aids advertising here is still a far cry from the straight-from-the-shoulder stuff overseas countries believe to be vital if the spread of the disease is to be stopped or even slowed down a little.

Each hotel in Sun group gets its own signature

THE new year will see exciting changes in Sun International advertising of its resorts. Each of the hotels in the group has been given its own special identity with an equally relevant signature-phrase.

"As the group's hotel portfolio has expanded, it has become important to give each resort its own positioning and image in the minds of our guests," explained Ernie Joubert, group marketing director for Sun International.

"Perceptions must not be limited to an overwhelming impression of Sun City, or a sense of a smaller hotel's being inferior in any way. Each unit has a wonderful character of its own, with its own special attractions, and this will now be highlighted in all future marketing and advertising."

So the Venda Sun is naturally "The Doorway to the Land of Legend", while there is a world of "High Society" at the Royal Swazi Sun and its two sister hotels in the Ezulwini Valley, and one always finds "A Taste of the Unusual" at the Morula Sun.

Star 30/12/89

"Devising this advertising approach, and the commercials for flighting on television, cinema screens, on radio and in print, has been one of the most complex jobs we have ever undertaken because of its scale," said Alan Bunton, group managing director of advertising agency Ogilvy and Mather, Rightford, Searle-Tripp, Makin.

10 teams

"We had to reposition and identify the image of 27 hotels in a very short time, so there were 10 creative teams at work simultaneously. This allowed for fresh views to emerge during the three months concerned, which has resulted in an interesting degree of visual and audio impact in the advertisements."

The cinema/TV commercials run for between 40 seconds and two minutes, and have to encapsulate the style, excitement, vibrancy and uniqueness of each hotel.

"The music was very important," added Bunton. "Sun International, after all, is in the business of fun and entertainment, so the music had to be equally memorable and appropriate."

Queen's recording of "We Will Rock You" for the Sun City commercial was a hard act to follow, but with the Troggs' hit "Wild Thing" for the Wild Coast Sun, a glorious pattern has been set.

Alan Bunton has worked on the Sun International account since its inception, under the banner of several different agencies, and he comments that "it is impossible not to be infected by the hyperbole of glamour and excitement. It's helluva exciting! And shooting in some of the most beautiful locations in the world has been inspiring".

So far, only Sun City and the Wild Coast Sun (where guests are invited to "Take a Walk on the Wild Side") have been flighted, but others will be released during the coming months, according to the individual peaks and valleys identified at each separate unit.

Mr Joubert revealed that careful studies of profiles of occupancies and day visitor numbers indicated obvious times for booking television and four-walker slots, which build on established marketing momentum to gain maximum thrust, rather than choosing the more obvious, leaner periods.

Thread

288

He also emphasised that all of the commercials carry a central, readily identifiable Sun International thread conveying the sophistication of the environment, the high standards of food and service, the blend of fun and excitement, the casinos and the whole quality of experience which visitors and guests enjoy at each resort.

Whether the desire is for "A Breath of French Air on the Banks of the Vaal" at the Riviera International Hotel and Country Club, or the tranquility of "Big Sky Country" at the Thaba'Nchu Sun, it can be satisfied.

The other signature-phrases for Sun International's hotels are "Sun International's Island Paradise" for the three Mauritian units, "In the Mountain Kingdom of Africa" for the Lesotho Sun and Maseru Sun, "Cash in on the Action" for Naledi Sun, "Come to Where the Action Is" for Mdantsane, "Jewel of the High Plains" for Taung, and the invitation to "Discover a New World" at the Fish River Sun and Mpekweni Marine Resort.

The Molopo Sun's maxim of "Where You Are a Friend" emphasises its personal welcome to guests and Gaborone Sun is billed as "The Sophisticated Pulse of Botswana".

Sun International itself really does encompass a "World of a Thousand Thrills", which will become its own signature phrase. Internationally, tourists will soon discover that "There are still jewels to be found in Africa".

Sunday Times
BUSINESS TIMES

Ruffled feathers in Kersaf shock

Stev 31/12/89

288

31/12/89 Star

PERSONALITY clashes with President Lucas Mangope of Bophuthatswana and casino entrepreneur Sol Kerzner lie behind the sudden resignations last week of Kersaf chairman Dick Goss and managing director Ian Heron.

The principals in the high drama have taken refuge from the media at holiday homes and are saying little. But sources close to the Bophuthatswana Government, on the one hand, and Kersaf on the other, say President Mangope and Mr Kerzner were alienated from Mr Heron and Mr Goss after the Transkei casino scandal.

By David Carte

Mr Goss and Mr Heron accepted Mr Kerzner's resignation from the Kersaf board after that incident. But Mr Kerzner remained a director of Sun International Bophuthatswana (SunBop) at President Mangope's behest.

Gaming

Through the Bophuthatswana National Development Corporation, the Bophuthatswana Government has a shareholding in SunBop equal to Kersaf's. Sun City and the Maroela Sun are extremely profitable and SunBop is the jewel in Kersaf's crown.

The Bophuthatswana Government's influence over SunBop and Kersaf is further strengthened by its ability to confer exclusive gaming rights.

Mr Kerzner is reported to have been deeply resentful that he did not get more support from fellow directors over the scandal involving the payment of R2-million to President George Matanzima of the Transkei for Sun International's exclusive gaming rights in that territory.

The matter comes before the Transkei courts late in January.

Kersaf's new chairman, Buddy Hawton, told Business Times from his holiday cottage at St Francis Bay: "Ian and Dick evidently felt their roles had changed because the Bophuthatswana Government wanted a restructure giving SunBop more autonomy."

Mr Hawton did not say what others close to the company say — that Mr Goss and Mr Heron were also put out because the Bophuthatswana Government discussed the matter of the restructure over their heads with Mr Hawton and Safren chairman Alistair Macmillan. Safren is the controlling company of Kersaf and thereby SunBop.

Genius

Mr Hawton said he was quite relaxed about taking the chair at Kersaf at short notice.

"It's a fine company and, with the exception of Dick and Ian, all the key guys have indicated they'll stay. My being on holiday at a time like this proves that the company can run without missing a beat in spite of changes at the top.

"We will announce the terms of the restructure in January. I can dispel rumours that control of SunBop might change. Kersaf will continue as a partner of the Bophuthatswana Government.

"I can also confirm Sol Kerzner's statement that he will not be involved with the day-to-day running of the company.

"By staying on the board, he has indicated that he is committed to the company. He will be there as a conceptualiser and an adviser, particularly on new developments. That, after all, is Sol's genius."

The SunBop share price gained 300c to 2 100c in the past week, largely on hopes of Mr Kerzner's closer involvement. SunBop has been the best-performing share on the JSE this year.

Mr Kerzner said from his holiday home at Hout Bay that he had nothing to add to his statement last week that his involvement at SunBop would be part-time.

Mr Kerzner is an adviser to several casino and resort operators in different countries. He is involved with former Springbok tennis player Ray Moore and American Charlie Passarel in large resorts in Hawaii, Puerto Rico and other countries.

Difficult

Mr Hawton believes he himself has the necessary experience in difficult service industries to be able to oversee the group.

But the appointment of a chief executive either of Sun International or Kersaf with casino and hotel experience will be considered.

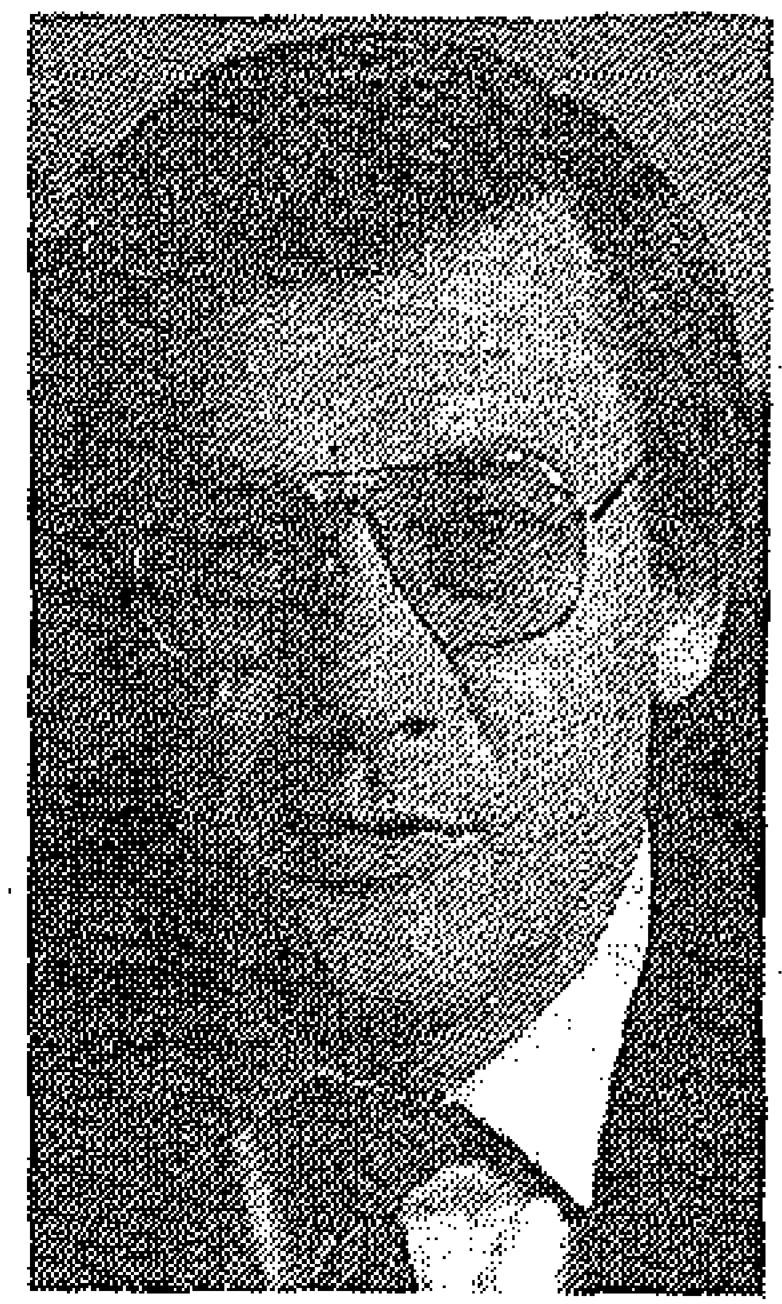
Analysts say an outstanding candidate for the job would be Peter Bacon, Mr Kerzner's right-hand man for years, but it is not known how committed he is to foreign operations.

Ken Rosevear, a director who left Sun International only four months ago, may also be induced to return.

BUDDY HAWTON ... key Kersaf men stay on

DICK GOSS ... put out over being overlooked

IAN HERON ... also upset by the President



SOL KERZNER ... the President's man

CAPE TIMES 22/12/88

75 000 tourists expected in Cape Town

288

By YVETTE VAN BREDA

ABOUT 75 000 visitors are expected to have arrived in Cape Town by Christmas, providing retailers, restaurants and tourist attractions with a bumper season.

The figure is 20% up from last year, according to Captour's executive assistant, Ms Marion Kelder.

"Our information bureau is extremely busy, and we had 1 800 people on one day! There are lots of first-time visitors and I think the message is getting across that Cape Town has something to offer for the whole family."

About 80% of the vistors were "domestic" and the other 20% foreigners and most of these were from Germany and the United Kingdom, Ms Kelder said.

Mr Wynand Dreyer, the general manager of Tuncor, the company which operates the Huguenot Tunnel on behalf of the Department of Transport, said that from the beginning of December until 2pm yesterday, 68 708 vehicles had passed through the tunnel towards Cape Town and 59 646 towards Worcester.

This meant that 9 062 more vehicles have come in the direction of Cape Town. On December 15, 11 248 vehicles passed through the tunnel, he said.

Mr Geoff Rossouw, an employee of the Table Mountain cableway, said "there is definitely a percentage increase on last year's figures. There's been more calls for information than there was at this time last year as well."

Normal operating hours for the cableway was 7:30am to 10pm, but it is presently open from 6:30am. As from next week the service will start at 5am until crowds clear. This did not happen last year, Mr Rossouw said.

Mrs Anne Fainstein, the public relations officer for Checkers, said they expectd a "bumper Christmas".

Tourist boom is giving Cape traders a bumper Christmas

288

Star 22/12/88

Own Correspondent

CAPE TOWN — Cape Town traders, with the help of an injection of cash from visitors, are expecting a humdinger of a sales week.

Pick 'n Pay general manager of foods, Mr Alan Baxter, said there had been a dramatic increase in sales since last Thursday.

Traders will also benefit from a full trading week because Christmas Day falls on a Sunday.

"People are really spending this year," said Mr Baxter, and praised the tourism organisations for the outstanding job they were doing.

Checkers has also reported excellent sales on toys and gifts.

Mr Arnold Brock, chief regional director of the Federated Hotel, Liquor and Catering Association of South Africa (Fedhasa), said liquor sales for the first half of December were 15 to 20 percent up on last year.

He said there had also been far fewer complaints by restaurant patrons that they had been ripped off.

Managing director of the Spur chain of restaurants, Mr Gerd Topat, said the holiday season was off to a very good start, and he foresaw a 40 percent improvement over last year.

A spokesman for Juicy Lucy said the pick-up in the number of up-country tourists was one of the reasons for an improved performance, especially in the suburban areas.

SERVICES SECTOR – Accomodation, Liquor & Catering – General

1990

JANUARY — JUNE

BDay 3/11/89

Entercor will stay on track — board

LINDA ENSOR (288)

INTERIM earnings of Entercor Holdings, which was reverse-listed into DCM-listed Deale & Huth in March last year, indicate the leisure group is on track to achieve its forecasts for the 10-month period to end-December.

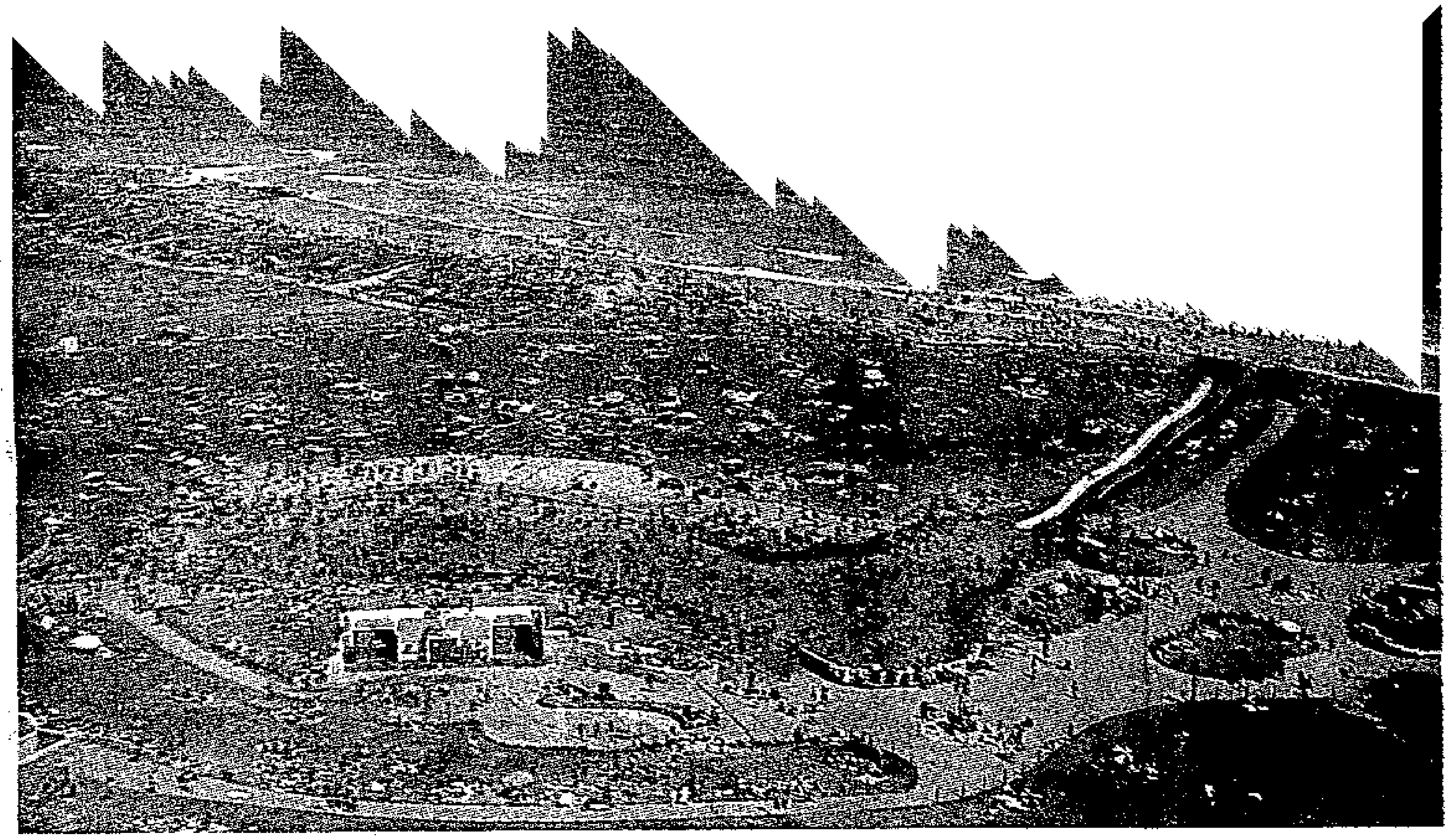
In the six months to end-August, Entercor notched attributable earnings of R2,9m compared with the R5,2m forecast. (No comparative figures are given because of the changed nature of the group).

The directors say the results are as expected, adding that they are confident this trend will be maintained and forecast earnings achieved.

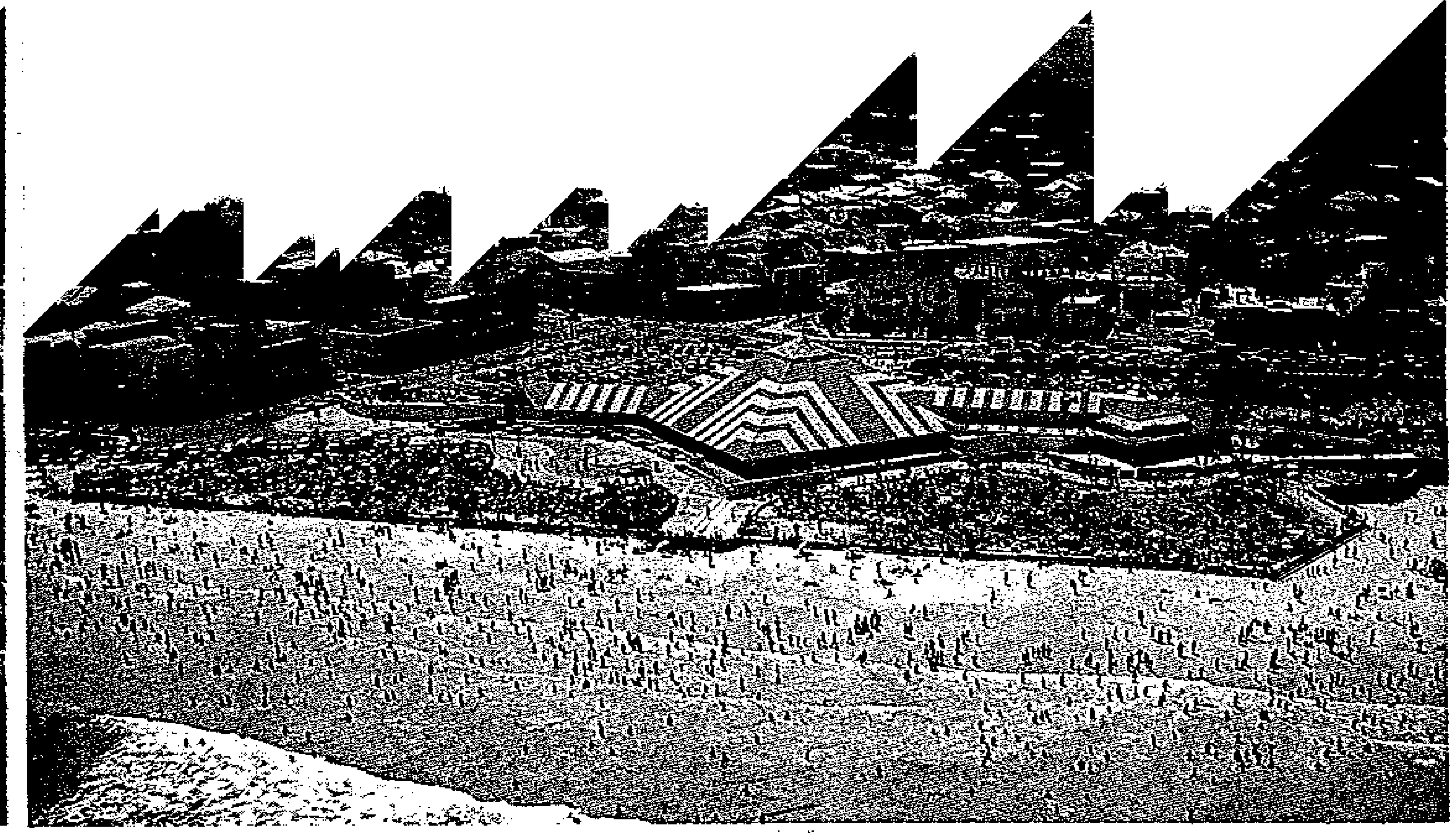
With margins of 6,6%, minimal finance costs and a 25% tax rate, the turnover of R59,9m was converted into earnings a share of 14,6c.

Entercor, now listed in the beverages, hotel and leisure sector of the JSE, provides luxury charter and intercity coach services; tourism and travel services; sport promotion, communications and marketing services.

Its share price has dropped to 190c from a high of 250c in August and is trading on a dividend yield of 8,4% and a p:e of 5,9 times, compared with respective sector averages of 3,3% and 14,5.



WELL PATRONISED . . . New beach facilities on the False Bay coast are proving more popular, especially among those who live nearby. This is a part of the Monwabisi complex.



NON-RACIAL CROWD . . . Muizenberg beach has already achieved the look of the future.

Pictures: RSC METPLAN

Cape Times 4/1/1990

Tourism up in city

(288)

Staff Reporter

TOURISM figures for the 1989/90 holiday season in Cape Town are more than 20% up on the same period last year, with Captour's city bureau answering queries from as many as 2 800 people each day.

These figures were released yesterday by Captour's managing director Mr John Robert, who said Cape Town had established itself as a "true holiday city".

"There is now no doubt that tourism is entrenched in whatever plans Capetonians make for the future. Over the 1988/89 holiday season the maximum number of people who visited our bureau was only 1 700.

"The figures indicate an absolute influx of tourists to the Cape. Despite more accommodation on offer we've battled to come up with something for everyone," Mr Robert told the Cape Times.

He called for a larger investment in tourism to make Cape Town the leading tourist city in South Africa.

● The Cape Times approached various tourists queuing at the Captour bureau yesterday to find out their feelings about Cape Town, their surprises and their disappointments.

"It's a beautiful city. Just as beautiful as always. What's struck me most is the way it's grown since I was last here four years ago — the buildings, the roads and the number of tourists," said Mrs Pauline Jansen, of Welkom.

Ms Rosanna Pascolo, of Johannesburg, on her second visit here, said: "Cape Town is always good to come back to!"

Despite complaints about litter Mrs Sharon Miller, a regular December visitor from Johannesburg, said she would keep coming back: "Cape Town is as beautiful as ever but this year it is filthy. Clifton always used to be spotless and I know it's been inundated with people, but it just hasn't been cleaned. But I must say this won't stop me coming back."

Ms Catharena Strahm, from Switzerland, was on her first visit here: "It's a lovely city. The people are just so friendly. If you stop anyone to ask for help they're more than happy to oblige."

New York couple Sam and Sylvia Resnick, also on their first visit here, were full of praise for Cape Town and South Africa as a whole.

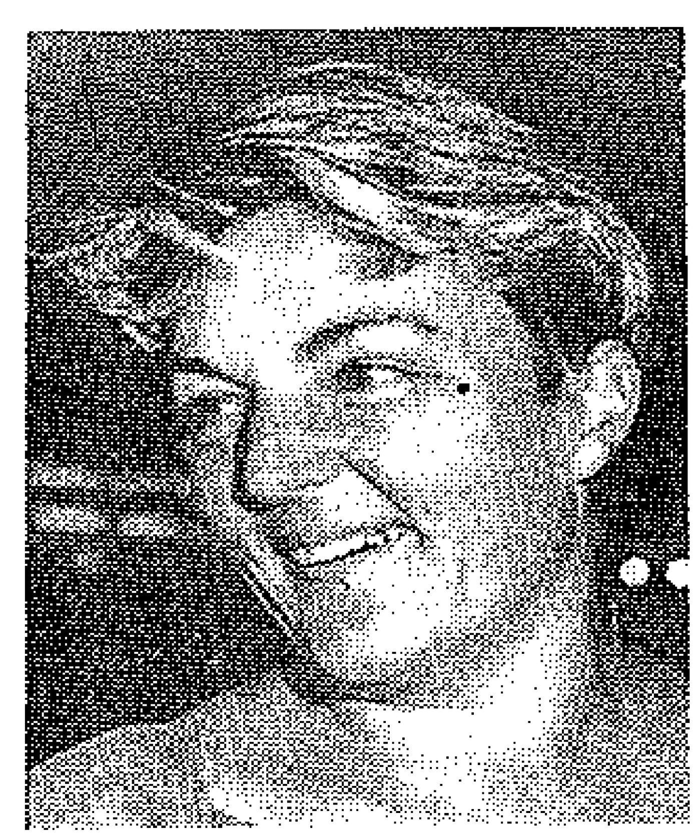
"It's a beautiful place with a wide diversity of interest — I just love the mountains and the seashore," Mr Resnick said.

"And it's so very clean — compared to New York. We are surprised at the amount of integration too. It's obvious the country is on the right track," Mrs Resnick said.

MS ROSANNA PASCOLO: "Cape Town is always good to come back to."

MR SAM RESNICK: "I just love the mountains and the sea shore."

MRS SYLVIA RESNICK: "Cape Town is so very clean — compared to New York."



MS CATHARENA STRAHM: "The people are just so friendly."

MRS SHARON MILLER: "Clifton just hasn't been cleaned."

MRS PAULINE JANSEN: "What's struck me most is the way Cape Town has grown."

Dolphin may have died

Staff Reporter

FEARS for the well-being of a bottle-nosed dolphin rescued from the surf at the Strand and released off Steenbras Point, increased yesterday when a similar animal, apparently dead, was spotted.

Ms Nan Rice, of the Dolphin Action and Protection Group, said yesterday's sighting was made by a voluntary lifesaver in the shorebreak of AECI's restricted beach area near the Strand.

Ms Rice said it was "quite likely the same dolphin. It's possible the animal came into shore in the first place because something was wrong. The people crowding it could well have compounded the problem".

The injured dolphin was originally rescued from the surf at the Strand after onlookers had endangered its life by crowding around the animal and forcing it to beach.

Call for SA tourism to accommodate black market

THEO RAWANA

THE tourism industry in SA needed to change its standards to accommodate the burgeoning black market, said Soweto-based travel agency ZenzoAction chairman Joe Seakatsie. (288)

Seakatsie said the change would not necessarily mean lowering standards, but some areas of the travel trade could be modified to meet the requirements of the black tourists. B/Day 5/1/90

"For instance, tourism promotion, brochures and advertising are directed solely at the white market while the bulk of blacks — the future buying power — need to be informed of what is on offer," he said.

He said the black tourism market was so wide that it could not be measured by merely counting the number of people who booked into hotels and went to beaches.

"From women's clubs, comprising teachers, nurses and housewives, to the successful businessmen and academics who take their families on annual holidays, the contrubution by blacks is large."

Hotels, travel agents and all the players in the tourism industry should embark on an education campaign, carrying the message to the black tourism market and teaching blacks all the facets of tourism.

"For instance, blacks have always been frustrated when they got to hotels at peak periods to find that accommodation had been taken up by whites who had booked 12 months in advance.

"Education would have saved the travellers from such embarrassing situations," said Seakatse.

Seakatse said the hotel integration drive had begun amongst five-star hotels, but the two-star hotels were still segregated, thereby turning away a very lucrative market.

Sharp increase in licenced shabeens

By Jabulani Sikhakhane 288

The number of liquor licences issued last year shows a substantial increase of 825 on the figure for 1988, with the taverns or licenced shebeens accounting for almost half of the total increase.

Statistics from the Liquor Board show that 10 240 licences were issued last year compared with 9 415 in 1988.

Licensed shebeens increased by 405 or 49,3 percent from 733 to 1140 last year and of the total number of tavern licences the Transvaal accounts for 873 followed by Orange Free State with 194, Cape 50 and Natal 23.

Liquor store licences were up by 145 from 2194 in 1988 to 2339 last year. The number of wine and malt licences also increased by 111 from 1342 in 1988 to 1453 and that of brewer's was up from 18 to 23. Star 5/1/90

The number of applications for licences for hotels and liquor wholesalers showed a marginal decline from 1326 and 19 to 1322 and 18 respectively.

The Transvaal accounts for almost half of the total 10 240 liquor licences with 5033, followed by the Cape with 2917, Natal 1441 and OFS with 849 licences.

KAROS HOTELS FM 5/1/90

Tax gains (288)

Karos Hotels' purchase of the Indaba, north of Johannesburg, from First National for R20m will add about R10m in borrowings to the group's balance sheet. With this, and other recent expenditure, Karos no longer holds the low-geared balance sheet it showed at its listing in mid-1989.

Half the R20m is being raised by issue of redeemable prefs, with the rest funded internally. This will lift debt to about R55m and the debt:equity ratio to just over 50%. Chairman and joint MD Selwin Hurwitz says the price paid for Indaba includes R5m in goodwill which Karos will write off immediately, leaving shareholders' funds at about R105m.

However, Karos's management estimates

FM 5/1/90 (288)

that Indaba's replacement cost would be well over R35m. According to Hurwitz, it is now profitable and has assessed tax losses of more than R30m. Karos already enjoys large tax allowances — in the six months to end-December it paid only R56 000 in tax on profits of R4,6m.

Indaba comprises a conference centre, liquor outlet and a 114-bedroom hotel on 11 ha. Karos has plans to sell about 6 ha as well as the liquor outlet, after which it will add about 86 bedrooms to the hotel.

Andrew McNulty

NE

1 million tourists coming our way

288

ALTHOUGH South African tourism earnings top R4 billion a year and are this country's second-biggest money-spinner after gold, the country's tourist infrastructure is badly in need of upgrading.

A record number of tourists — over a million — are expected this year, but South Africa's main international airport, Jan Smuts, is hopelessly inadequate and outdated, according to Johannesburg Publicity Association (JPA) director Mr David Appleton.

The executive director of Satour, Mr Spencer Thomas, disclosed this week that the Tourism Board is expecting more than a million tourists to South Africa this year.

"We expect the number of tourists to top last year's figure of 805 000 international arrivals," he said.

However, he admitted the country's tourism infrastructure was a problem, adding: "In the long term we are busy with a development strategy in conjunction with the Development Bank to upgrade roads, accommodation and Jan Smuts Airport.

PAT DEVEREAUX

"Satour specifically requested the Board of Trade and Industry to conduct an inquiry into the tourism infrastructure, and the study will probably be complete in the next six months.

Second terminal

"In the short term, there has been talk of a second airport terminal building," he added.

The JPA's Mr Appelton, who sits on a committee for the "beautification of the airport", slammed facilities at Jan Smuts.

"The terminal buildings are not user-friendly and there is no consideration for the public. If one arrives to drop a flight passenger one can't park near the entrance.

"The building is structured for the police who work there — not visitors to this country. But even the security is a farce.

"Nobody can understand why they get a sticker stuck on their bag by the police in the first place and then nobody takes any notice of it again.

"There are two runways at Jan Smuts but one is hardly used because of a shortage of air traffic control people.

"There are 26 government departments involved in the running of the airport and therefore nothing gets done."

Asked what could be done to change the situation, Mr Appleton said: "The building should be designed with modern concepts. Nairobi airport is a good example — it is circular in structure and has plenty of drive-in and check-in points, with skywalks.

"Double the amount of parking space is needed at Jan Smuts, and there should be adequate international restaurants with a view of the planes. And the number of check-in counters should at least be doubled."

In response to queries about the upgrading of Jan Smuts, one of the directors of Civil Aviation which falls under the Department of Transport, Mr L Booyse, said: "Tenders for the upgrading of the airport have already been put out and the upgrading of Jan Smuts Airport should begin within the next couple of weeks."

Durban's holiday trade threatened

S/Times (288) 7/1/90

CLIVE BOLTON ... food and beverage sales down

NISHEN VASDEO ... no busier than any weekend

TOMMY SMIT ... room occupancy fell by 6%

DURBAN'S multi-billion-rand tourism trade — the livelihood of more than 80 000 people — is threatened.

Businessmen along the Golden Mile are enduring a less-than-bumper holiday season. Tourists spend more than R3,5-billion a year in Durban, about 70% of it at Christmas and new year.

By Charmain Naidoo

Beachfront hotels say that occupancy levels this season were down on last year's. Night clubs, restaurants, cafes, curio shops and food stalls report reduced turnover.

Durban's deputy mayor and management committee chairman Jan Venter says that if the trend continues, SA's premier holiday city will suffer economic decline.

"We have to act quickly or Durban will be a wasted dream in five years. Ten years ago, Durban was dead and it took a lot of effort and money to attract crowds of money-spending tourists.

"All that will have been in vain if we don't resurrect tourism, get people to spend freely and get Durban's holiday economy moving again."

Overcrowded

The main reasons given for the 1988 Christmas slump are:

- The season started only in mid-December because schools closed later than in 1988.
- Huge crowds of blacks — mostly from lower-income groups — used only the free beach facilities. They spent little on food, curios and liquor. Many brought their own food, cooked it on the beaches, where they also slept.
- White holidaymakers, traditionally free spenders, boycotted the overcrowded beaches.
- The generally depressed state of the economy.

City officials, businessmen and hoteliers say tourism is moving into a new phase, the emphasis being on the emerging black market.

Class

Durban Publicity Association general manager Frank Vincent says: "We're seeing the birth of the black market. At the turn of the century 58% of tourists in Durban will be black, 24% white and the rest coloured and Indian.

"We will have to put in place an infrastructure to accommodate the masses — more facilities and beach inspectors."

Businessmen believe that white, coloured and Indian visitors stayed away this season more for class than colour reasons.

Head waiter at the beachfront Pizza Hut Nishen Vasdeo says business was "really dead this year, no better than at any weekend".

Marine Parade Holiday Inn general manager Clive Bolton says room occupancy at his hotel was at an all-time low this season — "the worst in our five years".

"We are taking in fewer white guests. We have a large number of A-income Indian guests, yet our food and beverage figures are down. Some Indian guests don't eat in the restaurants or drink in the pubs for religious reasons."

Helder Pereira, regional director of Southern Sun — the biggest hotel chain in Durban — reports no drop in occupancy at his establishments.

But customer profiles since the beaches were opened to all races have changed slightly — there are more black guests. Mr Pereira believes it is a time of change and challenges.

"We need to look at and analyse the changes and prepare our product to meet them. The potential of the untapped black market is enormous.

"We're going through a learning curve. There is nothing to draw from on what the requirements of the black market are. We will, by trial and error, learn how to accommodate the needs of each market."

Fedhasa Durban chairman Alan Gooderson says the city is still one of the cheapest in the world in which to take a holiday.

"There are only 14 days in the year when the beaches are packed. Of course, the introduction of new cultures does affect turnover."

Lower

Mr Gooderson says his figures indicate that between 18% and 22% of hotel rooms are taken by blacks.

Cancellations by white holidaymakers since colour restrictions at beaches were relaxed three years ago have dropped from 20% to 10% to 2%, says Mr Gooderson.

Sotiris Spetsiotis, owner of four food outlets and two curio shops on the beachfront, says his turnover was 25% lower than in 1988.

"The season started late. Although there were more people on the beaches, our

● To Page 3

Joe's grand hotel plan in danger

By Don Robertson

A R263-MILLION holiday resort planned for the Natal South Coast may founder.

The Aquilon Hotel and Holiday Resort project was conceived by Joe Forbes, an independent insurance broker, who is asking investors to subscribe for ordinary shares at R1 each plus a linked debenture of R17 500.

Only three applications have been received.

The offer opened on November 24 and will close on January 19. At least R185-million must be raised to buy the property and for construction costs. If the money is not raised, the project will be called off.

However, Mr Forbes is confident that money will be raised for the project, which he describes as the first of its type in the world.

The intention is to buy a site on the Uvongo lagoon from the Van Dongen family which operates the La Crete Hotel. It is intended to build a hotel with 320 rooms and 10 suites. It would have night clubs, tennis courts, ten-pin bowling alleys and swimming pools.

Mr Forbes, who describes his project as an "outstanding and exciting investment opportunity", says several large institutions are interested. He believes money will pour in during the last few days of the offer.

Mr Forbes has spent R2,8-million on working capital and R1,4-million for the preparation of the prospectus and promotion. A double-page advertisement was placed in Business Times.

About 9 500 prospectuses have been sent out and Mr Forbes says the response from people in the Uvongo area has been encouraging.

If the funds are received, Mr Forbes is confident that a return of 13,5% to 13,6% will be paid on the debentures, even during construction. He thinks a dividend of 4,5% could be paid on the ordinary shares.

If completed, the project is expected to generate R11-million in profits by 1993 before interest on debentures, and R20-million by 1997.

5/ Trib 7/1/90

288

S/Times (288) 7/1/90

Holiday threat

• From Page 1

takings dropped heavily.

"Even our ice-cream parlour sales were down. We learnt that many black people do not favour ice-cream. They also brought their own food which they cooked on the beach, then ate at our tables."

Durban's cheapest hotel chain, the Four Seasons group, experienced a 6% fall in room occupancy compared with 1988. It runs the Four Seasons, Lonsdale, Killarney and Balmoral hotels.

Owner Tommy Smit says: "We're the cheapest at between R45,95 and R69,95 for bed, dinner, lunch and breakfast, but we did less business."

Mr Vincent says Durban will have to woo A-B income tourists.

"An upper-class marina along South Beach is planned. People will have to choose what they can afford. Durban will prosper. It will never lose its appeal — beautiful beaches and great weather."

Mr Venter believes that pay beaches, with enforced crowd control and inspectors could solve the problem of overcrowding.

Durban's loss is someone else's gain. Resorts on the North and South Coast and in the Drakensberg report improved trade.

Cape Town is in the middle of a bumper season, "the best tourist year since Van Riebeeck arrived", says Cape Tourism (Captour) managing director John Robert. Its beaches were crowded over the holidays, but there was no white stay-away.

Cape Town achieved a 20% increase in visitors — 500 000 domestic and 263 000 international.

"This gives us a direct income of R610-million from tourism. Hotels were packed and we had to find accommodation as far afield as Franschoek."

Cape Town introduced open beaches in 1984 and claims sharing was "happy and trouble free". The city council provided extra services and the cleansing department worked hard to keep beaches clean.

Smoking 'grading' system report denied

Cape Times 9/1/90

288

By PETER DENNEHY

THE Cape Restaurateurs' Association (CRA) says in its latest newsletter that it has not agreed to any "voluntary" measures to demarcate non-smoking areas in restaurants.

Reports about introducing a grading system in which restaurants that did not provide non-smoking facilities would be denied five-star status were incorrect, the newsletter added.

Mr Boris Savvas, chairman of the CRA and author of the newsletter, said yesterday that the star-rating system had merely been a suggestion.

"I don't see a situation where our association would make non-smoking areas obligatory," he said. "On the other hand, I do think those who make an effort to accommodate non-smokers should be rewarded in some way."

Mr Savvas stressed that the CRA had not backed down on its position that the city council "has no power at law to interfere with smoking in restaurants".

Last month the Administrator, Mr Kobus Meiring, facilitated an agreement between city council representatives and the CRA "that the matter would be dealt with on a voluntary basis".

The city's medical officer, Dr Michael Popkiss, asked yesterday whether he thought the CRA was now backing down on such an agreement, said: "What we agreed at that meeting was that an ad hoc committee be set up.

"Today the amenities and health committee nominated Mr Louis Kreiner and myself as the council's representatives on the ad hoc committee."

He added: "I hope we can make something of the committee."

• Yesterday the amenities and health committee discussed whether it should now withdraw the proposed by-law.

The full council will have to take a final decision towards the end of this month.

Seaside retirement village to be launched this week

B/Day 10/1/90

Business Day Reporter

PLETTENBERG Bay is to get a new retirement village aimed at active, upmarket over-50s. (250)

The resort — Homestead Village — is only the second retirement home in the area, according to Pam Golding Properties' Alistair Wallis. (288)

"The resort offers secure, smaller homes and caters for semi-retired people looking for tranquillity and security. A great deal of interest is being shown in the development." The other village has a waiting list of several years, he says.

Construction starts in April, with 100 units to be built from 10 different designs. Prices range from R195 000 to R340 000.

The resort is to be launched to prospective investors on Friday.

Meanwhile, nearly 60% of holiday weeks worth R2m at the new Strand Pavilion timeshare resort have been sold, though construction of the complex only begins this week.

Strand Pavilion sales manager Christel Coetzee says some of the holiday weeks have been bought by local farmers and businessmen who already own homes directly opposite the resort.

"It is unusual to find such interest from the local residents," she said. One reason could nostalgia about the old pavilion, which was demolished about 15 years ago.

Interboard seeks probe by govt

Dramatic bid to identify shareholder

B/Day 11/1/90

(288)

BARRY SERGEANT

IN RESPONSE to a mysterious change in its controlling shareholding last year, Interboard's board of directors has applied to government for a probe into the identity of its new controlling entity.

The proposed investigation, under Section 255 of the Companies Act, was formally announced last night by Interboard chairman David Olsen.

JSE executive president Tony Norton applauded the action: "The directors of the local company are taking all reasonable steps to protect their SA shareholders and are adopting a maximum disclosure position."

Legal sources said Section 255 had never before been invoked in SA.

Olsen said: "It is imperative that we know who controls Interboard Holdings BV — based in Rotterdam — in view of certain matters which have been reported to the board of directors."

He said his appointment to the board of Interboard Ltd was at the request of the trustees of a Jersey trust which previously beneficially owned 100% of the shares of Interboard Holdings BV.

Olsen also said he was recently told by Interboard Holdings BV MD Joost Versluis that during 1989 new shares were issued by the firm, and the trust no longer controlled the company.

"He has refused to disclose to me details of the new controlling shareholder," Olsen said.

"Under the circumstances, the board of directors of Interboard Ltd has applied to Trade and Industry Minister Kent Durr to investigate the nature of and interest in the shareholdings in Interboard Ltd of Interboard Holdings BV and other parties."

Interboard MD Barrie Jones said last night that, prior to the change in control, Interboard Ltd in SA had been 61% held by Interboard Holdings BV (registered in Rotterdam).

The Rotterdam-registered company was, in turn, 100% held by Interboard Limited NA NV (registered in the Netherlands Antilles), which was again 100% held by The Gibbs Industrial and Investment Trust (registered in Jersey).

Legal sources said the structure was a classic tax-efficient "Dutch Sandwich". It had been put in place in 1979 and today had beneficiaries unknown to Jones.

Jones believed Interboard NA NV was the sole corporate asset of The Gibbs Trust. The trustee had been, and still was, Stonehage (Guernsey) — registered in Guernsey — but it appeared to have lost effective control of Interboard Holdings BV, Olsen said.

It had been established that Versluis was sole director of both the offshore Interboard companies.

Said Jones: "It appears Versluis acted unilaterally in issuing shares out of Interboard Holdings BV to change the ultimate controlling interest of Interboard Ltd from the trustee, Stonehage (Guernsey), to a party or parties he refuses to identify."

Interboard Ltd founder and chairman Ed Dutton had resigned in August 1989, before the change of control.

On December 28 Dutton was arrested on charges of common-law fraud and statutory forex contraventions. The SAP has said the amount involved could be as much as R100m.

Section 255 of the Companies Act grants the Minister "power to require information

□ To Page 2

Interboard

B/Day 11/1/90

(288)

□ From Page 1

as to persons interested in shares or debentures". Such persons must provide — in writing and within 21 days — any information they possess concerning the securities.

According to Henochsberg on the Companies Act, the power of investigation accorded by Section 255 is extensive "by reason of the class of persons from whom information may be sought."

This class includes "any director or officer of the company and any person whom the Minister has reason to believe is acting or has acted as the trustee or agent or nominee of the person having the interest, that is, persons who might themselves have no interest whatsoever in the shares or debentures of the company, and of the class of persons who are deemed to have an interest in a share or debenture . . ."

Moreover, "it is satisfactory that directors or officers may be required to furnish the information since, for example, a person having or who has had an interest . . . may no longer be resident in SA."

FM 12/1/90 (288)

TOURISM FM 12/1/90

Business as usual

How did Durban's tourist industry do over the festive period with all beaches and facilities open to all races for the first time? It depends who you talk to. (288)

Press reports have varied markedly. On the same Sunday, one national newspaper painted a gloomy future for beachfront hotels; the other reported that the transition was less traumatic and more positive for business than expected.

Financial takings and hotel occupancy levels indicate that, even if the tourist industry did not do as well as expected, business on the beachfront was no worse than last year. Alan Gooderson is local Fedhasa chairman and MD of the Kondotel Group, which runs several beachfront hotels. He says overall room occupancy levels were "very much the same as last year." He believes that open beaches "will only enhance the industry in the years to come."

But Tommy Smit, who owns four hotels, says his occupancy rate was down 6%. He says 15%-20% of his guests told him they would never return to Durban because of the crowds and bad behaviour.

Bruno Corte, group GM of Southern Sun and Holiday Inn (which have the biggest investment in hotels on the beachfront), says the number of guests was not up to expectations but the occupancy level was the same as last year.

The truth is that business patterns are changing. Corte's hotels are bigger, more upmarket and became fully nonracial a long time ago. Smit's hotels have traditionally been the holiday home for B- and C-income whites from upcountry.

Gooderson says the drop in bar and restaurant takings at big hotels was because both Christmas Day and New Year's Eve fell on a Sunday.

Looking at the broader financial picture, marketing consultant Andrezj Kiepiela (formerly director of the Durban Publicity Association) says the estimated annual R3,5bn spent in Durban has increased this season. "I don't believe that 70% of the R3,5bn is spent by tourists over the peak season, as some people have claimed. That figure is closer to 35%-40%."

Since the introduction of timeshare, Durban (with North and South Coast resorts) accounts for 70% of the national timeshare market. This means it has become less of a seasonal resort.

Kiepiela says with a capital investment of R660m in Durban over the past five years, about 70% from the private sector, the tourist industry can only flourish.

"I'm the first to admit that both the public and private sectors have a great challenge to meet in the management of people, but this problem should be turned into an opportunity. A strategy is needed to deal with the extreme ends of the market — we must woo back the traditional big-spenders, while also accommodating the needs of the mass market."

Massive crowds, litter, abuse of facilities and bad behaviour are problems that the city council and tourist industry will have to address urgently.

Jan Venter, deputy mayor and head of the NP caucus in council, believes pay beaches could be the answer. Others, like Corte, disagree: they argue that pay beaches are a negative response and that Durban should look to Cape Town, where beach integration is no longer an issue.

"In three or four months' time all of this will probably be forgotten. Something must be done about the large crowds, but at the same time it should be remembered that we don't see numbers like this for more than seven days of the year," says Corte. "What is more important is that the hotels and city officials start a major campaign to get holidaymakers back to Durban."

Venter says he believes between R10m and R12m is needed for better facilities to spread the crowds. He will be meeting Finance Minister Barend du Plessis in the next month to try to raise money, which he says he cannot get from the provincial administration. "Of all the people I spoke to there was only one complaint on racial grounds," says Venter.

He adds: "All the rest put problems down to overcrowding and the behaviour of some people, like adults swimming in the nude." ■

More visitors avoid pricey hotels

Cape Times 12/1/90 288

Staff Reporter

WHILE 20% more foreign visitors came to Cape Town over the peak season holiday period, top hotels in the city saw 11% less business.

This statistic was given by Protea executive Mr Keith Lamb at a Captour press conference yesterday. He said the top hotels had nonetheless lifted their revenue by 24%.

"South Africans are finding it more and more difficult to afford the upper-bracket hotels, now that the government is putting the squeeze on consumer spending.

"There is price resistance to the peak holiday prices and only about 30% of visitors stay in registered hotels. Others stay with friends, camp out or find other holiday accommodation."

When just about everybody wanted to cram into the Cape Peninsula in four weeks of the year, high prices and a shortage of accommodation over the peak period were bound to be the result, he said.

Representatives of hotels, restaurants and tour operators at the press conference yesterday agreed that the current peak season had started later than usual, probably because Transvaal schools broke up only on December 12.

This year the situation should improve as the Transvaal schools' December holidays start on the 4th.

Mr Albert Schuitmaker of Cape Town Chamber of Commerce reported that retailers had had an excellent year, many of them notching up sales 40% higher than last year's figures.

One retailer had done 44% of his annual business in just four madly busy days from December 20, he said.

The wine routes in Paarl and Stellenbosch also reported a particularly successful peak period this year, with literally thousands of visitors on single busy days.

SAA reported that a record of 10 000 people had passed through D F Malan Airport on Friday December 22.

Fedhasa takes government to task over allowances

06/11/90 Star

(288)

THE Government seems determined to cut every possible tax allowance or alleged loophole, even to the detriment of job creation and generation of foreign exchange, says Fedhasa, the voice of the country's hotel industry.

Fedhasa was reacting to withdrawal of the 50:30:20 tax allowances on capital goods, a move which directly effects investment and refurbishment of hotels.

The organisation says it must seriously question whether the Department of Finance understands the value of the tourism industry to the country and the damage it is causing with its rash policies.

"How a move like this can be made at a time when South Africa is on the brink of a tourism boom, when the country is strapped for foreign exchange and when employment prospects for the broad masses are poor, is beyond our industry's understanding," says Mr Fred Thermann, Executive Director of Fedhasa.

Without adequate infrastructure or the necessary high standard of accommodation. South Africa's incipient tourism boom could be nipped in the bud.

"We are anticipating more than a million foreign tourists this year. Sheer word of mouth is a powerful way of telling the world what we have to offer and if these tourists have a bad experience, we could set our tourism industry back ten years.

"There appears to be no unanimity on the issue either. Some parts of Government understand the value of tourism. The Board of Trade and Industry (BTI) for instance, is investigating a tourism blueprint, designed to maximise South Africa's enormous tourism potential.

"Apparently however, one hand of Government does not support the other and all we have seen so far is a determined effort to make the hotel sector less viable than ever."

"Fedhasa is aware of significant hotel projects which were scrapped as a direct consequence of this. Now, barely six months later, the incentive have been watered down even further with the announcement that equipment allowances are a flat 20 per cent pa.

Holidays: Cape to become top spot?

C. Times 13/1/90 (288)

288

While Durban has had a relatively poor holiday season, the Cape has done exceptionally well all round. And, ROGER WILLIAMS reports, the Cape is likely to be a main beneficiary in changes in holiday patterns forecast for the 1990s.

DRAMATIC changes are being forecast in traditional holiday-making patterns in South Africa in the 1990s — with the Cape as possibly the main beneficiary.

Marius Leibold, professor of business economics at the University of Stellenbosch and economic advisor to Captour, says these changes are already evident, with an apparent switch of much of Transvaal and Free State holiday traffic from Durban to Cape Town.

"Much of this traffic appears to be in the middle-income group, adding to the higher-income traffic already using Cape Town as a holiday destination". While tourism figures for the 1989/90 season at the Cape are more than 20% up on last year, across the board, Durban with all its beaches now "open", is reported to have had a relatively poor season. Its multi-billion-rand tourism trade — the livelihood of more than 80 000 people — is said to be threatened.

At a seasonal feed-back meeting in Cape Town this week, called by Captour, hoteliers, restaurateurs, coach-tour operators, wineland and other tourism interests reported not only an upsurge in tourist figures; they also said they had noted a great number of "first-timers" at the Cape.

Trends noted at the meeting were:

- Considerable expansion in the informal accommodation sector.
- An upsurge in demand for accommodation in country areas.
- An upsurge in visitors not only from overseas but also from other parts of Africa.
- An uprecedented demand for coach tours, which have done up to 40% more business than in the 1988/89 high season, with promise of continuing brisk business through the Cape's "Green Season," soon to be advertised extensively in a TV and printed-media campaign.
- A wider spectrum of people patronising city restaurants.
- Increases of 20% to 30% in the number of visitors to Boland winefarms. A spokesman for 17 of these farms said: "We've been absolutely inundated; all our wine has gone across the mountains!"

Prof Leibold says where Durban has positioned itself as the "fun"holiday centre of South Africa, Cape Town has different assets which are attracting a fast-growing number of holiday-makers to what could be termed a "heritage" holiday destination, offering a lot more than just fun and beautiful beaches.

"Apart from our historic and scenic assets we are also increasingly being seen as a health-resort area, with the development of our many natural spas and hydros in the Western Cape."

Prof Leibold says there is now no doubt that, with wild-life reserves, the Cape has become a priority destination for foreign tourists and, he adds:

"Recent trends and developments in Eastern Europe and elsewhere are going to impact strongly on tourism in South Africa — particularly the Cape.

"There are tremendous things in store for tourism in this area, and careful marketing strategy is

□ To Page 21

'Vaalies' prefer Cape to Durbs

By MARIUS BOSCH

CAPE coastal resorts including "playgrounds of the rich" report a marked increase in the number of visitors who previously spent their holidays in Natal.

Hermanus Publicity Association spokesman Eric van Beek says hotels and restaurants in the town have been fully booked. The coastal resort has seen its population grow from the normal 5 000 to more than 30 000 people.

Plettenberg Bay has had a shorter season, more concentrated than in 1988/89, says publicity association spokeswoman Ingrid Denny. "Although we had about 10% fewer visitors, more money was spent and local businesses were supported much better."

Greyton Lodge manageress Jacky Gordon says the lodge had had "a frantic Christmas" with an increased off-the-street trade.

Resorts on the west coast have also experienced an extremely good season with Club Mykonos at one stage having to "close the doors", and Port Owen staff being given an extra week's leave to recuperate after a hectic holiday-peak.

B/Day 15/1/90 (288)

R400m investment awaits gambling rule

FOUR big hotel groups are prepared to invest R400m in Transkei if the Supreme Court rules that Sun International (SI) does not hold exclusive gambling rights, a Transkei source said at the weekend.

The source, who declined to be identified, said three of the hotel groups were from overseas and one was based in SA. They had already applied to government for gambling rights.

An attorney for the Transkei government said at least 17 applications for gambling licences had already been received in recent years.

From January 23 the court will hear arguments on whether or not agreements concluded between the former Transkei government, led by Chief George Matanzima, could legally award exclusive gambling rights to Transgames, which was subsequently bought out by SI.

The court action follows recommendations from the Alexander Commission of Inquiry into Gambling Rights in which Mr Justice Alexander said it seemed "highly arguable that no licence granted under the Gambling Act of 1979 can confer exclusive rights . . .".

The Alexander report recommended the court be asked to decide whether:

- government was entitled to confer exclusive rights;
- government was entitled to withdraw from the agreements concluded with SI if the R2m bribe paid by Sol Kerzner and David Bloomberg to George Matanzima "was tainted with corruption".

MANDY JEAN WOODS

"Either the government must seek an order in the Supreme Court declaring the rights originally granted were of no force or effect, or that questions of policy require the status quo be allowed to continue and a suitable amendment to the Gambling Act be introduced," Mr Justice Alexander said.

Protection

Lawyers acting for government have filed a notice of motion with the court asking it to clarify whether SI has any rights at all and if so, if those rights are exclusive.

SI declined to comment on the matter. However, in a statement released early last year SI said: "The market for the gaming industry in Transkei was too small to admit fragmentation on a viable basis. An investor, prepared to spend tens of millions of rands on major developments . . . could not risk such investment unless the exclusivity of his market was assured for a limited but sufficient period."

"Such protection was afforded to the Wild Coast Sun (WCS) by three categories of rights granted by the Transkei government. The first was the grant of exclusive gambling rights for a period extended to December 1996 within a 100km radius from the WCS."

On the strength of these exclusive rights SI invested about R130m in the WCS, the statement said.

Demos vow to stop cricket tour

By Jovial Rantao

The Pan Africanist Movement (PAM) vowed at a placard demostration outside the Johannesburg Sun Hotel yesterday to "practically and physically" stop the forthcoming rebel English cricket tour. (288)

Carrying placards with slogans such as "war against the cricket terrorists", about 50 PAM members sang and chanted slogans outside the hotel for 30 minutes because they believed the rebel cricketers would stay there. 17/1/90

Addressing the media, PAM general secretary Mr Benny Alexander said: "We are here to send a message to the Southern Sun's management that, as a movement, PAM will take action against all those who support the rebels."

The demonstrators marched to Lekton House in Wanderers Street as police arrived.

Kruger Park fees rises to hit upmarket groups

Sow 18/1/90 (288)

By Thabo Leshilo

The Kruger National Park has announced rises in charges, but the park management says it does not expect the increases to drive away the lower-income group.

Mr Johan Verhoef, the National Parks Board's environmental education manager, said the "differentiated" increases, averaging 30 percent, favoured the lower-income group. Only those using more luxurious accommodation at the park would be seriously affected by the increases.

Mr Verhoef said a bushveld camp for the lower-income group, called Bateleur, had already been completed, and the medium-sized Mopani camp would be opened early next year.

More medium-sized camps, private camps and bushveld camps were being built to increase accommodation from 3 100 to 4 000 beds. The project is expected to be completed in the next two to three years.

Mr Verhoef said the number of cars would be cut down in accordance with a tourism master plan. "We cannot allow an unlimited number of tourists and cars because that will affect the quality of experience (of the wilderness) which is of utmost importance."

New rates set Kruger Park poser

Why the luxury route?

The announcement this week that the Kruger National Park is to substantially increase its tariffs will disappoint genuine wildlife enthusiasts. While the National Parks Board maintains that the differentiated increases will not affect the lower-priced rondavels as much as luxury accommodation, the man in the street will nevertheless suffer. New developments in the park will cater increasingly for wealthy foreign tourists and businessmen using the facilities for conferences. JAMES CLARKE reports.

Is the National Parks Board forgetting South Africans and chasing dollars instead? The answer seems to be yes.

This week it announced imminent substantial price increases, plans for new luxury camps aimed at foreign tourists, and it is building yet another luxury conference centre inside Kruger Park.

Part of the reason seems to be that the Government is drastically reducing subsidies to the parks and Kruger Park has lost (for the time being anyway) its R5 million a year from ivory sales.

But what South Africans want is not more luxury camps. When it comes to Kruger Park all that people want is a chance of being able to get in, stay in ordinary huts and pay ordinary prices.

Worse, Kruger Park is now building Narina, a new multimillion-rand luxury camp and conference centre on the Lower Sabie west of Skukuza.

Cribbing methods

After sending some of its staff to have a look at how luxury game lodges such as Sabi Sabi on the opposite bank of the Lower Sabie are run, the park's administration now appears to be about to crib their methods at Narina.

It is going into direct competition with private enterprise — and using public money to do so.

The private enterprise lodges adjacent to Kruger Park had to take big financial risks to establish themselves. The director of one of the lodges told me: "We counted every brick. We scrimped and saved and borrowed. And even though we are big foreign exchange earners we received no government assistance because lodges are classed as hotels.

"Yet Kruger Park can go into competition simply by asking Pretoria to back it."

Narina is only a few kilometres from Sabi Sabi Lodge. It will assign game rangers to small groups of visitors, who will then be driven around in private bush vehicles just like they do at Sabi Sabi.

The tariff will be well out of reach of even middle-income earners. (Sabi Sabi charges R550 a day per person which includes accommodation, all meals, and bush drives. Mala Mala charges more than R1 000 a day per person. One of the cheapest safari lodges is Motswari, in Timbavati reserve, which charges R350 a day.)

Narina will have full conference facilities. Is this really Kruger Park's function — to cater for the luxury trade and to accommodate business conferences? It already has two major conference centres.

Every holiday period Kruger Park turns away more and more tourists. Last month more people were turned away than were allowed in. The ratio of refusals and acceptances is sometimes 4 to 1.

But while families are turned away there may well be people inside the park who are there just to attend a new car launch or a sales drive conference.

The National Parks Board announced this week that it is about to reach full capacity. Once it has 4 000 tourist beds then that's it. That figure should be reconsidered.

Kruger Park's warden, Dr Salmon Joubert, told me some time ago that he will resist any attempt to allow the numbers of cars or people to overwhelm the parks main attraction — its great expanses of wild, unspoiled country. Nobody would argue with that.

But there are ways of getting more people in to the park without increasing the impact. One method could be to offer incentives for people to leave their cars outside the park and, instead, once inside, use buses.

Kruger could accommodate more tourists, with minimum impact, by scattering some additional small, very basic camps, without electricity, without luxury fittings and which can be reached by driving along existing fire breaks.

A reason for the big tarrif increase (it will come in April), according to a spokesman, is the high cost of development. He said 40 percent of the costs are for services such as electricity and piped water.

I believe, if it were put to the vote, South Africans would vote for simpler and more affordable camps — with paraffin lamps and long drops.

South Africa's "wildlife industry" cannot afford to ignore overseas tourists of course — and Kruger Park is our major tourist attraction.

But why not co-operate with private enterprise — instead of trying to undermine them — and allow private lodges to develop camps outside the park's perimeter? For a royalty they could have access to limited sections of the park abutting their lodges?

Allow private enterprise to conduct wilderness trails — this is the least impactful way of utilising the park. To get on to one of the park's existing foot trails you have to book a year ahead and pay up front, in full. That's how popular they are.

Allowing in private enterprise would mean taking the veterinary fence down between Kruger and the private reserves.

Not having to constantly repair the fence would save Kruger R200 000 a year.

The main reason the fence stays is because Kruger will not meld ecologically with the game farms unless they accept Kruger's management policies. These are conflicts, but not insurmountable ones.

Whatever happens Kruger Park will have to be less isolationist.

The old style — paraffin lamps and long drops.

Development at Shingwedzi — to impress the foreigners?

Fast move for English cricketers

Star 20|1|90

(288)

CHRIS MOERDYK

THE arrival of the English cricket team at their hotel yesterday has probably set a record for the fastest check-in of hotel guests in the history of the SA tourist industry.

It took less than a minute for the entire team to get from their bus, through the hotel reception area, into a bank of lifts and then to the safety of a first-floor reception room.

From the early hours of yesterday morning a strong contingent of uniformed and plainclothes policemen guarded all entrances to the luxury Sandton Sun hotel where a carefully rehearsed plan of action awaited Mike Gatting and his team.

When the team's tour bus arrived at the hotel at 2.45pm there were plenty of police, plenty of the press and a paucity of protesters. Not a single demonstrator was to be seen as the handful of bystanders broke into spontaneous applause for the English cricketers.

As the bus came to a halt opposite the main entrance to the hotel the visitors were shepherded through the doors, through the reception area and straight into four lifts that were being held open for them by hotel security staff.

They were ushered into the first-floor Gardenia reception room and the doors closed with half a dozen security personnel barring entry to everyone except Dr Ali Bacher and a hotel porter pushing a trolley-load of cricket kit in cardboard boxes.

Call for tourist access to Robben Island

LESLEY LAMBERT

288

CAPE TOWN — The Cape Town Chamber of Commerce has submitted a memorandum to the Board of Trade and Industry listing restriction of access to Robben Island as one of a number of issues it considers to be inhibiting tourism in the Cape Peninsula.

The memorandum calls on the authorities to help encourage tourism by reviewing factors that restrict air services to SA and legislation that offends visitors and by introducing steps to make the most of tourist resources.

The chamber also calls on the BTI to investigate the opening of Robben Island which has been restricted since the security prison was built on it.

This is not the first request to open up the island. The National Monuments Council has tried to have it declared a national monument, while the Future of Robben Island

Cape chamber urges cheaper fares to SA

ARGUS 23/1/90 288

By DICK USHER, Business Staff

CHEAPER airfares to South Africa, and especially the Western Cape, have been urged by the Cape Town Chamber of Commerce as part of a national plan to boost the tourism industry.

The chamber recommends that D F Malan Airport be accorded full gateway status to allow a separate fare structure and use by international carriers.

The cost of airfares to South Africa, and to the Western Cape in particular, had to be urgently addressed, the chamber said yesterday.

It frequently received complaints from overseas visitors that airfares to South Africa were "way out of line" with airfares to other international tourist destinations.

Greater competition in international air services was required if South Africa was to attract more international tourist trade.

The fare policy which required passengers to pay an add-on fare to the "gateway", even if the actual distance to Cape Town was shorter than to Johannesburg, was indefensible and out of line with international policy.

"It is absurd that D F Malan Airport, which has full international facilities, should not be accorded gateway status to allow of a separate fare structure to and from this airport and use by other international carriers," the chamber said.

Charter flights should also be encouraged.

Although the government had decided to allow charter flights to South Africa, the conditions attached at the insistence of South African Airways made the charter arrangement unattractive to entrepreneurs and international charter carriers.

"If South Africa is to compete on world markets for international tourism, it must allow charter flights to operate at times when tourists wish to visit the country."

The issue of bottlenecks on domestic flights, which inevitably occurred during peak tourist seasons, had also to be addressed if international tourism was to be encouraged.

Carriers should ensure that they had sufficient capacity and additional aircraft should be chartered as necessary at peak periods.

INSIDE: Weather 2, Finance 8 and 9, Letters 10, Racing 14, Sport 15 and 16, TV — Page 3 of Tonight

Sun loses exclusive gaming rights

By Norman Chandler

288

UMTATA — Hotel giant Sun International has lost its exclusive gaming rights in the Transkei, but has been guaranteed eight years without competition in the north of the country.

The Transkei Supreme Court yesterday ruled that, with immediate effect, the rest of the country was open to other casino hotel developers.

The country has in terms of the court order granted to the Transkei government been divided into north, central and southern areas and initially only one casino complex would be allowed in each area.

Yesterday's action came as a result of Major-General Bantu Holomisa's government challenging Sun International's exclusivity in gaming rights. These were granted to Mr Sol Kerzner by the previous government.

Star 26/11/90

home was smashed.

The man ran off, but Mr Towrey pursued him to Fifth Street. The suspect was later shot in the left hip.

home, Monday to Sunday.

For further information, call our Customer Services staff on 492-3420.

Baker shoots assailant

A Johannesburg baker, Mr Ettore Milano (57) of Eldorado Bakery in Kensington, was shot twice in the chest by three gunmen while walking to work on Tuesday at 5 am. Although seriously wounded, Mr Milano managed to draw his gun and fired three shots at his attackers, killing one. The other gunmen escaped in a minibus. — Crime Reporter.

Minister seeks union talks

Star 26\11\90

The Minister of Mineral and Energy Affairs, Dr Dawie de Villiers, has asked for wage talks to be held with six coloured, Indian and white postal unions before he responds to the pay demands of the Post and Telecommunications Workers' Association (Potwa). — Labour Reporter.

Bank employee is hijacked

A Volkskas bank employee was held up by a gunman on Tuesday at 10.30 am as he was loading a money trunk into a minibus at the South Rand Hospital. The gunman forced the employee into the vehicle and drove to South Hills, where he was dumped unharmed. — Crime Reporter.

HÄGAR the Horrible ® **By Dik Browne**

BMF plea to back De Klerk

Star 26/11/90

EAST LONDON — South Africans need to help and encourage President de Klerk to move forward boldy and create the right climate for negotiations.

The national president of the Black Management Forum (BMF), Mr Don Mkhwanazi, told the East London Chamber of Commerce yesterday that change in the country was inevitable.

He said the private sector was one of the key players in the creation of a new South Africa.

"Unavoidable change has created great fear among whites and it has robbed our beloved country of the best brains, thus compounding the critical shortage of skilled manpower," Mr Mkhwanazi said.

"South Africa stands on the threshold of a new era. We must put in place all the components to achieve new heights. History is not something that merely happens of its own accord." — Sapa.

Sun loses exclusive gaming rights

By Norman Chandler

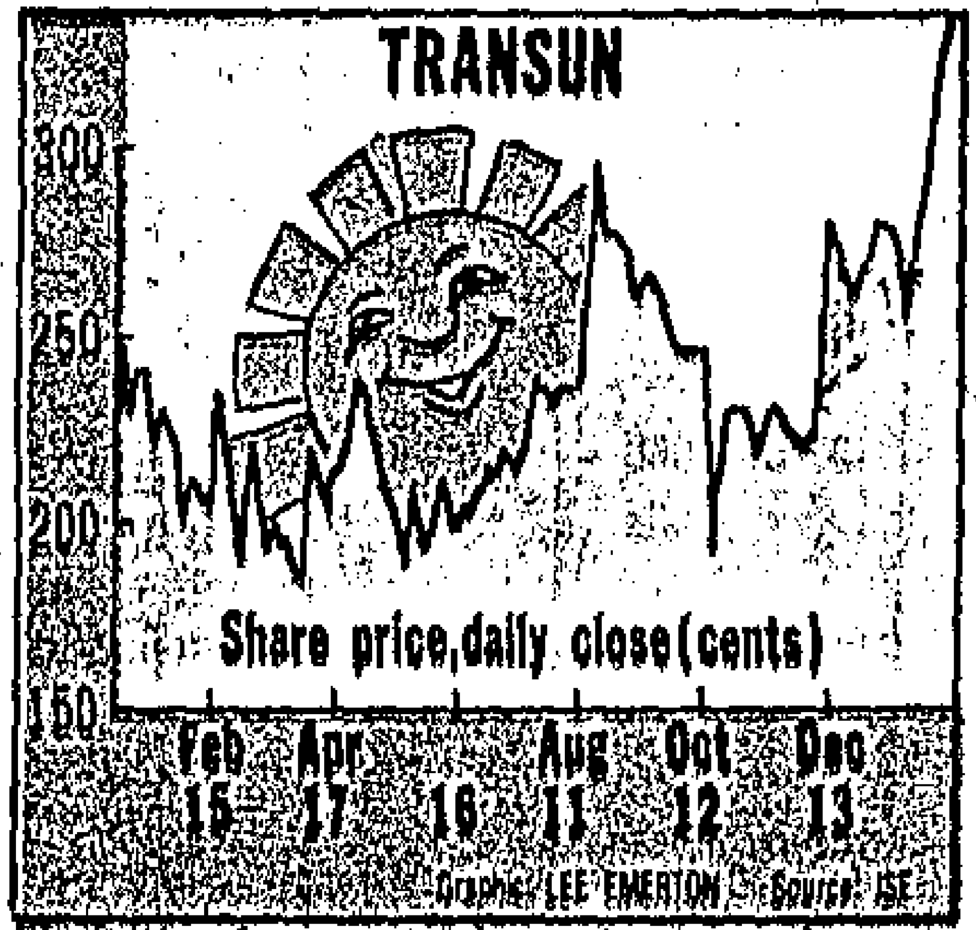
UMTATA — Hotel giant Sun International has lost its exclusive gaming rights in the Transkei, but has been guaranteed eight years without competition in the north of the country.

The Transkei Supreme Court yesterday ruled that, with immediate effect, the rest of the country was open to other casino hotel developers.

The country has, in terms of the court order granted to the Transkei government been divided into north, central and southern areas and initially only one casino complex would be allowed in each area.

Yesterday's action came as a result of Major-General Bantu Holomisa's government challenging Sun International's exclusivity in gaming rights. These were granted to Mr Sol Kerzner by the previous government.

Star 26/11/90



B/Day 26/1/90

Transun outcome delights investors

MANDY JEAN WOODS 288

UMTATA — Transkei Sun International (Transun) yesterday sought and secured a settlement on the issue of gambling rights, which protects its R131m Wild Coast Sun investment but allows competitors to develop casinos in other parts of the country.

Transun will, with immediate effect, have to pay increased levies on gambling income. This was expected to bring in the government millions of rands.

In response to the news, Transun shares surged 70c (25%) to touch a high of 350c before easing slightly to close 50c (17,8%) up at a new high of 330c. The company is expected to report strong profits growth in the period to end-December.

Other shares in the Kersaf fold also featured in a strong beverage and leisure sector. Sun Bop hit a high of R25,50 before easing to close 100c up at a fresh peak of R25 and parent Kersaf firmed 50c to R24. But ultimate holding company Safren came off 100c to R40.

According to the settlement lodged with the Umtata Supreme Court yesterday, and taking immediate effect, Transun has no exclusive gamblings rights. The Wild Coast casino will, however, be protected from competitition until July 1998.

For purposes of gaming rights Transkei will be divided into three distinct areas, the northern, central and southern divisions that for an initial period will each contain only one hotel casino complex.

The settlement prohibits casino development in the magisterial districts of Umzinkulu, Bizana, Lusikisiki, Tabankulu, Kwabhaca, Maxesibeni and Siphaqueni, surrounding the Wild Coast Sun.

In terms of the agreement, Transun's Mount Frere and Idutwa slot machine operations must close down within a year,

□ To Page 2

Transun

21/1/90

□ From Page 1

288

Its Butterworth and Umtata operations must close down within a year of a casino licence being granted in those areas.

All slot machine operations not housed in casino complexes — Butterworth and Umtata — must in any event close down by 1998.

Transun must, with immediate effect, begin paying the Transkei government a 7,5% levy of money made in the casino. Transun previously paid levies of between 2,5% and 5%.

The settlement stipulates that the levy will increase after three years to 10%, and three years thereafter it must be renegotiated.

Transkei military council leader Maj-Gen Bantu Holomisa said in an interview yesterday he was happy the four-year-old dispute had finally been settled.

"We have achieved out objective. Exclusive rights were not given in a proper manner, otherwise there would not have been a settlement," he said.

Government would not review the protection afforded the Wild Coast Sun when it expired in eight years' time, he said.

Holomisa said applications from Transun to build other casino/hotel complexes in Transkei would be welcome.

ANDREW GILL reports that Transun chairman and head of the negotiating team, Ian Heron, said he was pleased with the settlement, which was fair to both parties.

"There have been many months of tough negotiations but there was always a possibility of settlement," he said.

The way was now open for exciting development by Transun because of the exclusive gambling rights.

Heron, who retires at the end of the month, said Transun had plans to develop in the southern and central divisions. "But that would be up to the government," he added.

At least four other hotel groups — one based in SA and three from abroad — are set to invest more that R400m in casino complexes following the settlement.

According to Holomisa, however, government would grant no new gambling licences (more than 70 applications have been received in the past few years) until draft legislation had been passed, probably by April 1.

Holomisa said the new legislation would cover in particular issues such as exclusivity, control of slot machines and protection of investment.

He said government would review the Gambling Act as and when necessary.

SunBop: JSE awaits news

B/Day 29/11/90

BARRY SERGEANT

THE investment community continues to expect a major announcement about the future of JSE-listed SunBop.

The counter, which has shown the highest rise among non-gold shares on the JSE in the past year, is under increased pressure after an informal directors meeting last week, at which the dramatic proposal to split SunBop from Kersaf was apparently discussed in depth. Directors have declined to comment on the meeting.

The proposal would partially explain the relentless SunBop price increase, particularly in the past six months. A SunBop split from Kersaf would materially dilute the value of Kersaf, and proportionately increase the value of SunBop.

The proposal would necessitate delicate negotiations involving a large number of institutions and well-known personalities, as the shareholding structure is complex. Old Mutual holds about 49% of Safren, which in turn holds 75% of Kersaf, which in turn holds 80% of Sun International, which holds about 40% of SunBop. As such, SunBop is an associate of Sun International, which gives it much greater flexibility than a subsidiary.

JSE analysts believe the decision to announce the enormous Babelegi project, north of Pretoria, was made last week, and needs only official pronouncement. Again, this would help explain the hefty increases in the SunBop share price.

Moreover, for the full financial year to end-June 1990, the Taung Sun will contribute for a full year, and the impact of the newly opened Naledi Sun will be felt. Analysts have also revised earlier estimates of a 25% increase in earnings and dividends a share, for the full year, to 50%

☐ To Page 2

288

than last year.

SunBop

B/Day 29/11/90

288

☐ From Page 1

The expected announcement of a new resort at Babelegi may also be made with the official go-ahead for proposed substantial expansion at Sun City.

Babelegi is expected to be a family resort rather than a "hard core" gaming resort such as the Morula Sun. The idea of a "Disneyland" has been mooted, along with a "Water World" and an enormous casino. Babelegi could dilute interests in both Morula and Sun City for the short term.

The expansion at Sun City will probably include a 250-room hotel, an expanded Entertainment Centre and a new golf course, with total capital expenditure estimated at R250m. This will be financed with a combination of increased debt and retained earnings.

Babelegi's cost will also be relatively large and be similarly financed. The two developments should not increase SunBop's gearing above the self-imposed 60% level, as SunBop had a cash pile of R200m in its latest reported results.

Outcry over new Soweto tavern

2.88

By SONTI MASEKO

Sowetan 31/1/90

RESIDENTS of Protea North, Soweto, who have for months opposed the building of a tavern on a residential site in their area, are now set to fight the move in court.

Representatives of the Concerned Residents Association were yesterday taking legal advice.

Residents say the tavern is due to open in February.

A spokesman for the organisation, Mr Nema Tshabalala, said: "The structure has been completed and all that is left now is for them to buy stock and start operating."

After learning that the tavern was being built, residents last year decided to oppose it.

Residents said they were not consulted and did not consent to the tavern which they contended was a serious violation of their rights.

After petitions and representations to the Soweto Council and their councillor, residents claimed they still do not know the person or the company behind the building of the tavern.

Tshabalala said: "We hope that the court action will force the council to bring to us the people concerned and the channels they used."

SI hurt by stormy politics in Comores

B/Day 31/1/90 (288)

POLITICAL uncertainty in the Comores had forced Sun International (SI) to temporarily wind down its new Le Galawa Sun Hotel, SI regional operations director in charge of the Comores George Lazley said yesterday.

Poor bookings — an average of about 24 people a week between mid-January and March — and uncertainty over the pending elections were the reasons for the shutdown, he said.

One guest told Business Day there were only six people booked into the hotel last week. The hotel could accommodate about 350 people.

Lazley said SI stood to incur monthly losses of about R500 000. SI had investments in the Comores totalling R15m.

He said while the restaurant was still open, SI was advising tourists to stay at its other hotel, Itsandra, which accomodated 40 people, because of the "lack of atmosphere" at the hotel.

"Obviously this is an expensive exercise for us, so we have taken the opportunity of sending people on leave," he said.

Speculation that the hotel would be closed until at least April 6 was premature, he said.

"We think we will open before then but it depends on how things settle down after the elections on February 18.

"Normally in a case like this we would do a heavy sell, but we decided to wait and see what the outcome of the elections was. If things go smoothly I think we will open

MANDY JEAN WOODS

in about mid-March," Lazley said.

A Foreign Affairs spokesman said an investigation into the situation in the Comores two weeks ago showed the political position was "more stable now than ever before.

"There is no question that political uncertainty will prejudice SA interests. There has been a major downturn in tourism in the islands but we are not concerned about this in the long term."

The economy of the Comores relied on a stable environment so that tourism, the single biggest foreign exchange earner and employer, could flourish.

Lazley and the spokesman said indications from the various political parties were that they expected to maintain close ties with SA and to foster tourism.

Trouble flared in the former French archipelago in late November after Comores President Ahmed Abdullah was allegedly assassinated by former French mercenary and Presidential Guard commander Col Bob Denard.

□ Sapa reports a decision on whether to extend Denard's temporary residence permit for another two weeks was expected later this week, a Home Affairs spokesman said yesterday.

Denard's previous permit expired on Monday. He has been in SA for six weeks after fleeing the islands with 30 mercenary members of the Presidential Guard.

ary 1 1990 STAR 1/2/90 (288)

Inflation is 'major culprit' in increases

Liquor prices up eight to 16 percent

By Shehnaaz Bulbulia

Major liquor outlets and others affected said yesterday they accepted the liquor price increases in the light of spiralling inflation.

Liquor prices increased from between eight and 16 percent countrywide today.

Both Stellenbosch Farmers' Winery and Gilbeys — major liquor distributors — have announced across-the-board price rises.

Inflation was the major culprit in the liquor price increases, said Mr Fred Therman, chairman of the Federated Hotel, Liquor and Catering Association of South Africa (Fedhasa).

He added that price increases of any product would not go down well with the public.

"Any increase is undesirable. We have to take the brunt of the public's complaints, but we have to cope and the public should understand that price increases are a result of inflation," he said.

There were a number of liquor price increases annually and Fedhasa had no option but to cope with them, he said.

"Some companies split increases twice a year and this varies from product to product. The decision lies entirely with the particular producer concerned. In addition, there are price increases on imported spirits. We have no option but to cope with the situation," he said.

A spokesman for the Liquor Cellar Group said: "Like everything else that goes up in the country, we have accepted and expected liquor prices to go up. For the past couple of years we have had to cope with liquor price increases twice a year, one in August and the other in February."

Price rises affected the group, but only for a short while, he added.

"The public complains, but after a while they accept the increases, too. It's the same with cigarette price increases — people complain for a day or two and they continue buying cigarettes," he said.

Cashing in

A spokesman for a major bottle store in Johannesburg said the public always tried to cash in before price hikes, but after the increase in liquor prices the company had not witnessed a drop in sales.

"We were very busy yesterday with consumers buying liquor at old prices. It's always like this before the liquor price goes up. After the increases the public may be unhappy for a while, but we have not experienced a drop in profits after the increases," he said.

A spokesman for Cellar Master said: "Nobody likes to see prices going up, but the cost of everything else has gone up. That's the situation."

Package deals now for holidaymakers

Sowetan 2/2/90

288

GOOD news for consumers. The age of the package deal holiday has arrived in South Africa.

That is the view of the country's hotel industry which predicts that to beat the rising cost of holiday accommodation, South Africans are going to take fewer privately arranged holidays and will make greater use of combined travel and hotel packages.

At the same time, there will be a growing demand for more affordable, limited service hotels and increasingly, upmarket hotels will cater for tourists and corporate business.

All this adds up to big changes in the holiday habits of South Africans, says Fedhasa, the hotel industry's mouthpiece.

Says Mr Fred Thermann, Fedhasa's executive director, "In Europe, for decades people have planned holidays and hotel bookings well in advance and have booked accordingly through less expensive package deals offered by hotel groups and tour operators.

Trend

"We believe the same trend will catch on in South Africa – and keep hotels not only affordable, but very attractive," he said.

The new trend would be in keeping with what happened in air travel, where rising prices encouraged South Africa travellers to make use of budget services such as Apex.

The same thing is bound to occur in the hotel industry and package bookings will become far more popular, particularly as they offer tremendous value for money, often including air and rail travel in a highly discounted, attractive deal.

Hotels would also benefit from the trend he said.

"The big advantage for hotels is that they will have volume bookings – and that in turn allows them to offer excellent value for money. South African hotels continued to offer the best value for money in the world to foreign visitors," said Thermann.

"But the average South Africans has less disposable income because of inflation and high taxation and the whole pattern of hotel usage could therefore change."

Moreover, if Government introduced staggered school holiday periods for the different provinces, more people would holiday out of peak season, so benefitting from low out-of-season rates.

"A major problem for the hotel industry is the peaks and valleys in room occupancies. Hoteliers do not have a smooth flow of income and it is difficult to plan and keep costs as low as possible.

"Average room occupancies for all hotel grades during 1989, were 56 percent. A level of 65 percent has to be achieved to be cost effective."

Service

Steadier volumes of business would also make it possible for hoteliers to maintain a more permanent nucleus of staff who could then be trained to provide higher levels of service.

"A swing towards off-peak season package deals would certainly help to overcome this problem, although it won't provide the total answer," says Mr Thermann.

Hotels need more capital to handle tourism — Fedhasa

B/Day 8/2/90

GERALD REILLY

288

PRETORIA — The SA hotel industry would need a massive injection of development capital if its infrastructure was to be developed to cope with the expected increase in the number of foreign tourists, Fedhasa executive director Fred Thermann said yesterday.

He was reacting to the SA Tourist Board expectation of more than a million foreign tourists this year.

As the profitability in the industry was too low to attract significant capital investment from the private sector, government should become a partner in the industry.

Thermann said government investment stretched over a reasonable period and earning competitive interest rates had been suggested by Fedhasa, but rejected by government.

He said the costs of building, refurbishing and equipping hotels had become prohibitive when measured against the likely financial rewards and were a stumbling block in the way of exploiting the vast tourism potential.

An expanded industry would not only mean greater potential for forex earnings, but would at the same time create hundreds of new jobs, he said.

A Satour spokesman said the trend for the number of overseas visitors to increase, apparent last year, was likely to intensify following President F W de Klerk's opening address to Parliament last Friday.

A preliminary estimate is that last year, foreign vistors totalled 920 000 — 110 000 more than in 1988.

BDay 9/2/90

I & J profit stunted and squeezed

LINDA ENSOR

AN escalation in operating costs stunted the interim profit growth of frozen food producer, Irvin & Johnson (I & J), which was simultaneously squeezed by the stranglehold which the stagnating economy placed on disposable incomes.

Earnings inched up 2,5% to 94,9c a share (92,6c) on a 17,5% growth in turnover to R607,7m (R516,9m).

And the scenario for the second six months looks equally tough, with hopes settling on merely matching last year's earnings as restrictive governmental measures to restrain the economy and control inflation take their toll.

"Current levels of restrained consumer spending, depressed selling prices and high interest rates are expected to persist throughout the remainder of the financial year," the directors state in the profit announcement.

They say the prices of I & J's major products remained at last year's levels "and in some cases prices were lower than a year ago. The firmer rand reduced export realisations".

Another worrying factor is the uncertainty over the continued operation of SA companies in Namibian waters.

The rise in unit costs due to wage increases and hikes in fuel and packaging prices resulted in a fall in the operating margin from 8,3% to 7,3%, generating a 3,6% rise in operating profit to R44,2m (R42,7m).

The total allowable catch in SA waters was reduced by 2,5% but vegetable harvests and production of frozen vegetables were much improved.

Investment income fell 13,8% due to the investment of less cash and to exchange rate fluctuations.

High interest rates produced a shock 19% increase in the interest bill so that pre-tax profit nudged up 0,8% to R44,1m (R43,8m).

The situation was relieved to some extent by the lower tax rate of 39% (40,2%), but I & J derived less income from associated companies.

The balance sheet remains relatively unchanged except for a R6,7m reduction in short-term borrowings which has brought debt:equity to 18,6% (24,6%).

Transun to exploit further Wild Coast Sun's potential

BDay 9/2/90 (2.88)

LIZ ROUSE

TRANSUN, announcing satisfactory interim results today, has ambitious plans to expand and glamorise the Wild Coast Sun.

A master plan to exploit fully the potential of the Wild Coast Sun casino/hotel complex was presented at Transun's board meeting yesterday, MD Alberto Chiaranda said in an interview.

Transun reports a 13% increase in turnover to R80,2m (R71,05m) in the six months to December on which a 13% increase in operating profit to R34,9m (R30,8m) and a 16% rise in attributable earnings to R24,7m (R21,3m) were achieved.

The interim dividend has been raised to 13c (11,5c), keeping the group's dividend growth record intact.

Directors say in the interim report that the interim results are satisfactory considering the fact that no major developments have taken place since September 1987.

They say notwithstanding continuing difficult trading conditions, the board believes that earnings in the second half should be satisfactory.

Transun's bottom line was affected positively by net interest earned.

The group's healthy gearing of 37% opens the door for expansion. The Wild Coast Sun achieved an average room occupancy of 80% for the six month period — 4% higher than room occupancies in SA's hotel industry.

This is a better occupancy rate than the hotel achieved in the previous year and an indication that the casino/hotel complex can attract a bigger tourist traffic if facilities are pepped up.

The gaming rights position is also now more clear for Transun to go ahead with expansions.

Revenues

An agreement, which has been made an order of the Transkei Supreme Court but which is still subject to confirmation by the passing of the necessary legislation, has been reached with the Transkei government.

Transkei has been divided into three sections (northern, southern and central) for the purpose of gaming licences. In addition, gaming levies have been increased with immediate effect to 7,5% of gaming revenues for the next three years, increasing thereafter to 10% of gaming revenues for the next three years.

Transun will be entitled to its exclusivity in the northern division until July 31 1998 and no other party can be granted a gaming licence in this division before that date.

The group's five stand-alone slot operations, trading as Transgames, will be phased out over time. The Idutywa and Mount Frere outlets will close on or before January 31 1991 and the Butterworth and two Umtata outlets will cease trading on July 31, 1998 or one year after the opening of any casino hotel in the southern division in the case of Butterworth and in the central division in the case of Umtata.

Transun will therefore continue to enjoy exclusive gaming rights in the northern division until 1998. The remaining divisions are available to applicants, including Transun, for the granting of gaming licences dependent on the declaration of a tourist development area and the development of a casino hotel in the relevant division.

Transun shares firmed 5c to 370c yesterday ahead of results. The counter shot up to 425c on January 26 when the beverage and leisure sector was buoyant.

Metal Closures earnings crash in adversity

BDay 9/2/90

ZILLA EFRAT

POOR weather conditions, industrial action, intense market competition and lower sales in some markets contributed to Metal Closures's 21% drop in earnings in the year to December.

The group produced earnings of 289,9c (367c) a share. The total dividend for the year of 140c (122c) a share, is up 14,8% and covered 2,1 (3) times.

Turnover rose 8% to R133,3m (R123,4m), but operating income fell 17% to R16m (R19,4m) as margins dropped to 12% (15,7%).

The interest bill soared to R1,5m (R392 000) with interest cover falling 10,6 (49,4) times, resulting in pre-tax profits dropping 23% to R14,6m (R19m).

On a drop in the tax rate to 48,3% (49,7%), attributable profits fell to R7,5m (R9,5m).

Directors say the low level of real growth, negative in the case of the rigid moulding business, when compared to extremely buoyant levels enjoyed in 1988 stems from various factors.

These include poor weather conditions in the first quarter, conversion by customers to the plastic Duet closure where existing aluminium stocks were run down, illegal work stoppages and industrial action.

The reduced level of activity has impacted adversely on the recovery of overheads which have sharply increased, thus eroding margins.

Directors say the group has invested substantially over the last two years to expand and improve its manufacturing facilities and is confident, that it is well placed for growth.

European businesses cautious on prospects of early return to SA

STAR 12/2/90 (288)

This is the second of two articles in which the Financial Times examines prospects for relaxing sanctions and a return of foreign investment to South Africa.

The European Community will debate the issue of South African sanctions on February 20 and the British Government is eager to have the voluntary ban on new investment lifted following the reforms announced by President F W de Klerk.

FT writers asked companies in West Germany, France and Britain whether they were considering a change in corporate strategy:

London

Britain has remained the largest investor in South Africa despite public pressure on UK companies.

The exact extent of that investment is difficult to gauge but James Capel, the securities house, estimates that 75 percent of foreign companies still in South Africa are British, writes Paul Abrahams.

South Africa continues to be an important profit centre for UK companies.

Last year 33 percent of companies in the FTSE 100 index derived income from South African and 2 percent of all profits for comanies in the index came from that country. Continental Europe provided only 11 percent.

PIRC, a London-based organisation offering independent financial advice on South African investment, *estimates that five UK companies derive 5 percent or more of their profits from South African operations: Blue Circle, BOC, Reckett & Colman, RTZ and* Lonrho.

Last week, the only shares to have reacted to the statement were those belonging to Lonrho, which have risen 5 percent on the London Stock market since President de Klerk's speech.

The company recently acquired a platinum mine in the country.

Analysts believe that within three years some 45 percent of Lonrho's profits will come from South Africa.

Those companies which have kept interests n South Africa are reticent about their future investment strategies.

Reckitt & Colman, the consumer products group, said it was too early after the announcement to review its operations. It was also likely to look carefully at the country's economic situation, which remains precarious, before any further investment.

BOC, the industrial gases group which has a 57 percent stake in African Oxygen, agrees it is too early to make decisions.

"At the moment we have words," says Mr Paul Bossonnet, deputy chairman of BOC. "And we have heard a lot of words on South Africa. When something real happens, there may come a time to reconsider the situation."

Those companies which have disinvested during the 1980s *also remain cautious.*

Barclays Bank, which disinvested from South Africa after pressure from the National Union of Students, says its position has not changed.

Nevertheless, *an analyst at* James Capel said it had received *many inquiries about investment* opportunities in South Africa from the business communities in the UK, West Germany and Switzerland in the past week.

In the short term, financial analysts point out that investments in South Africa remain highly risky. Companies investing there will also have to face opposition *from pressure groups which still favour disunvestment.*

Those companies also risk a fall in their share price.

A recent survey by PIRC showed that last year more than 60 percent of top pension fund managers by value in the UK ran funds that had restrictions on stocks with involvement in South Africa.

Future investments in South Africa may not be bargains. If those companies which disinvested do decide to put their money back into the country, they may well find the have to pay rather more to rebuy their businesses.

Paris

In France, businessmen reacted cautiously. France's economic presence in South Africa has al*ways been modest, and few com*panies have disinvested from the country in response to the criticism of apartheid over the years, George Graham reports.

Few, however, appear enthusiastic about the immediate prospects for renewing business contacts.

French direct investments in South Africa are estimated by the Bank of France to have amounted to FFr616 million (£63 million) at the end of 1987, substantially lower than in Senegal, Gabon or Cameroon, and less than a third of total investments in Cote d'Ivoire, France's principal business partner in Africa.

The energy sector, including oil, coal and gas, accounts for three-quarters of this stock of investments, with chemicals and electrical equipment making up most of the rest.

Total, the state-controlled oil company, has the largest presence, with around 15 percent of the petrol service station market, a 30 percent stake in an oil refinary and a coal mine joint venture with BP.

Total said the company was pleased with the evolution in South Africa, but that it was too early to draw any conclusions on the future.

Peugeot and Renault, the two car makers, are the only two big French companies to have pulled out of South Africa in recent years.

Renault said the decision had been made on purely business grounds, and it would have to wait to see if *future business opportunities arrived.*

Peugeot, whose Paris headquarters was damaged in 1986 by a bomb planted in protest at exports to South Africa by a di*vision of the group, was more cautious.*

A spokesman for Automobiles Peugeot said it was too early to revise the company's policy.

No French listed companies have enough exposure to South Africa for the Paris stock market to pay any attention to the recent developments in the political situation.

Financial analysts said, however, that in the longer term oil companies like Total and Elf Aquitaine, both of which have substantial interests in nearby *African countries such as Angola* and Gabon, could benefit enor*mously from an opening up of the South African market.*

Frankfurt

West German companies with activities in South Africa welcomed the latest turn of events, but did not expect their business there to take a marked turn for the better, writes Andrew Fisher.

Two of the most prominent German companies with car assembly plants in South Africa are Mercedes-Benz, part of the Daimler-Benz industrial group, and BMW.

BMW, which employs around 2 000 people at its car assembly plant near Pretoria had no reaction to offer on the latest developments.

The company said it had never had any problems or strikes. It had had no need to adjust working conditions in line with the standard set by IG Metall in late 1987 since it was already at this level.

The company assembles all its current models from knockdown kits supplied from Germany.

Mercedes said it was already well represented in the local market and had no particular plans for nay further expansion beyond its normal rate of investment there.

1990 B/Day 12/2/90 (288)

Day of toasting drains shebeens

SHEBEENS in the Johannesburg suburb of Hillbrow ran dry yesterday as hundreds of patrons flooded the liquor venues to toast the release of Nelson Mandela.

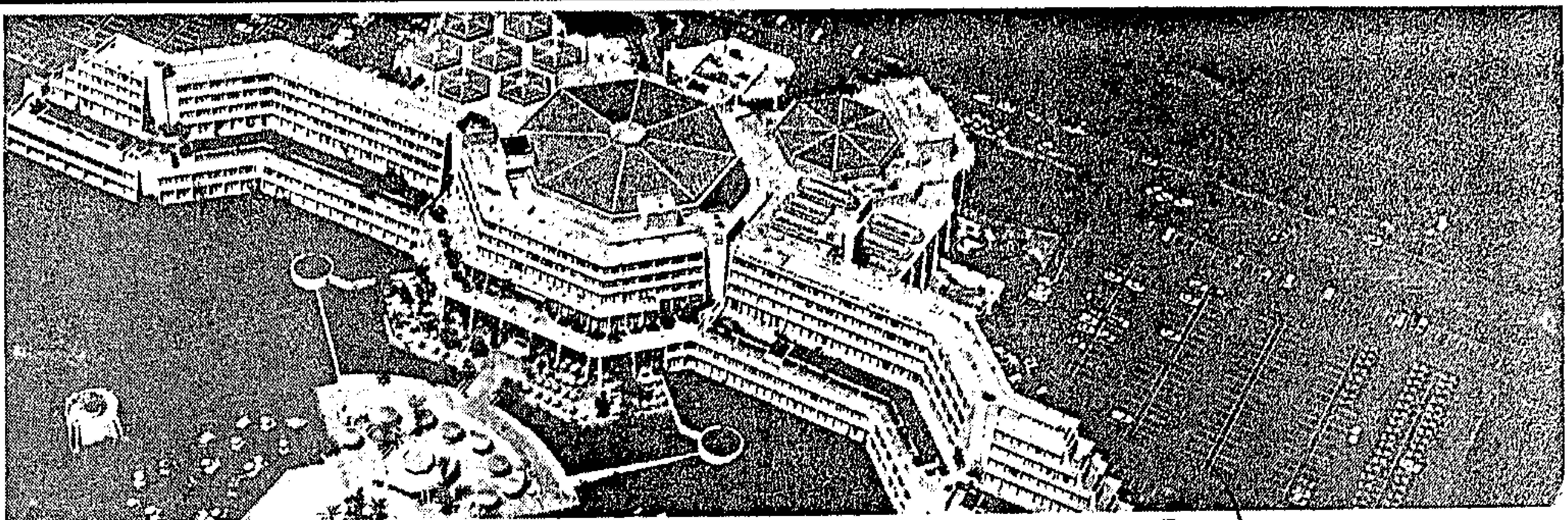
The owners of Little Soweto, Sunbeam, Dicks and Best Juice said supplies had run out in the morning as record numbers of patrons turned up.

"When the announcement about his release was made yesterday (Saturday), I went to Alexandra to stock up. I bought about R1 000 worth of liquor. But by 10 this morning, I was sold out. I heard the owner of one shebeen in Hillbrow had added an extra 30c on the price of a quart," said owner of Little Soweto Gibson Tshabalala.

Sunbeam's owner Thula Hlatshwayo said business had been brisk and he, too, had run out of beer.

At 10.30am about 200 chanting and singing people wound their way through several Hillbrow streets.

And in the afternoon, about 400 people marched down Harrow Road celebrating the release of the ANC leader. — Sapa.



STILL GROWING: Sun City to get a new hotel and another golf course

TOURISM

Argus 12/2/90 (109) 288

Kerzner returns with R1 billon hotel development at Sun city

From Malcolm Fothergill

JOHANNESBURG. — Sun King Sol Kerzner plans to more than double the number of day visitors to Sun City — around two million a year at present — with a multi-million rand development.

Appointed chairman of Sun International Bophutatswana (Sunbop) at the weekend, he returned to the Southern African scene and announced plans a 400-room hotel surrounded by jungle, water features and special effects galore, including a 100m-long wave pool, waterfalls, slide pools and a coral reef.

If the new development does indeed double the number of day visitors it will make Sun City considerably more popular as a holiday resort than either Cape Town or Durban.

Hand in hand with the Sun City development could be a new R350 million hotel at Babalegi near Hammanskraal.

The Sun City development will cost R650 million. Mr Kerzner expects working drawings to be ready in the next few weeks.

He says the first ground should be broken in May and the complex should be open by December 1992.

The Babalegi hotel will have 60 or 70 rooms. It will have an amusement park theme with big wheels and bumper cars and should be completed by January 1992.

The centrepiece of the new, 80-acre development at Sun City will be a luxurious 400-room hotel designed to look like a palace.

Other features of the development will include an extra 18-hole golf course, for which Gary Player will be involved in the design, an aviary around 15 acres and a mountain that will ajoin the existing entertainment complex and will contain in its depths fun rides featuring dinosaurs and other creatures which will be created by some of the world's top special effects experts.

Mr Kerzner said the volume of work involved in a R1 billion Sunbop development would place a strain on Southern Africa's construction industry and specialists such as shopfitters and stonemasons.

"Our construction guys are going to have to gear up. They might have to import specialist skills,"he said.

He said the only way for Sunbop to continue to show good returns was to create something new all the time.

"I believe the concept we have come up with in this project is unique worldwide.

"People want recreation. People want fun."

Sun Bop achieved record results for the six months to December with all units contributing strongly, thge company reports.

Turnover of R316,6 million was 34 percent up on last year, while operating profit of R95,9 million was 24 percent up.

The lower rate of increase in the operating profit was due to the higher rate of gaming levies which have now reached the maximum legislated rate.

Attributable earnings increased by 38 percent from R53 million last year to R73,3 million.

The group recorded an average occupancy of 82 percent for the six months which was 2 percentage points above last year and substantially higher than competing hotel chains in Southern Africa.

The reduction in the effective tax rate to 34 percent was mainly due to a change in allowances granted to hoteliers from January 1989.

A record interim dividend of 45c a share (1988: 32,5c) has been declared.

The directors say provided there is no significant change in trading conditions, the growth in earnings per share for the second half of the year should be in line with that achieved in the first half.

The board has appointment Mr Kerzner as chairman of the company and Mr Ken Rosevear as deputy chairman. Mr D A Hawton and Mr G A MacMillan have also been appointed directors.

Kerzner's return as Sunbop chairman signals R1 billion expansion phase

STAR 12/2/90 (288).

Finance Staff

Sol Kerzner's return to the helm of Sun International Bophuthatswana has signalled a new phase of expansion for the hotel group.

Mr Kerzner, whose appointment as chairman of Sunbop was announced on Friday and also heralded the return of Ken Rosevear as managing director, immediately announced a R1 billion expansion for the group.

The project involves a 80-acre complex next to Sun City, and at a cost of R650 million, has been described as one of the most ambitious ever in South Africa, and a new R350 million hotel in Babalegi, north of Pretoria.

The Sun City extension, that will rank among the world's largest and most expensive resorts, includes an up-market Oriental palace hotel, with rooms costing R400 000 apiece.

The total cost of the hotel will exceed R200 million, but the bill will surge as the hotel will be surrounded by numerous caves, jungles, ruins, artificial rivers and waterfalls.

The development also includes a new 18-hole golf course, and, of course, more slot machines and increased gaming capacity.

Sol Kerzner

"We want to double the 2-million visitors to Sun City every year," Mr Kerzner said on Friday.

Messrs Kerzner and Rosevear left the management of Sun International after the bribery scandal in the Transkei, and were replaced by Dick Goss and Ian Heron.

Their resignation in December last year fuelled speculation that Mr Kerzner would return to Sunbop on the insistence of Bophuthatswana president Lucas Mangope.

Kersaf chairman Buddy Hawton played a major role in their return.

Mr Hawton said Sunbop had a contractual arrangement with Mr Kerzner for him to act as a consultant: "Our intention is to broaden that."

● Sunbop has reported a 38 percent advance in earnings to 67,6c (48,9c) a share on a 34 percent hike in turnover for the six months to December. A dividend of 45c (32,5c) a share has been declared, writes Ann Crotty.

Turnover was up to R316,5 million (R236,5 million) and operating profit rose 24 percent to R95,8 million (R77 million).

The directors say the lower rate of increase in operating profit was due to a higher rate of gaming levies now at the maximum legislated rate.

A hike in interest received from R6,8 million to R17,8 million and an easing in the tax rate from 35 percent to 34,4 percent helped lift the improvement at attributable earnings level to 38 percent at R73,2 million (R53 million).

The reduction in the effective tax rate was mainly due to a change in allowances granted to hoteliers. Gearing dropped from 16 percent to 12 percent. The group recorded an average occupancy of 82 percent for the six months, two percentage points above the previous year.

AQUILON FM 16/2/90 (288)

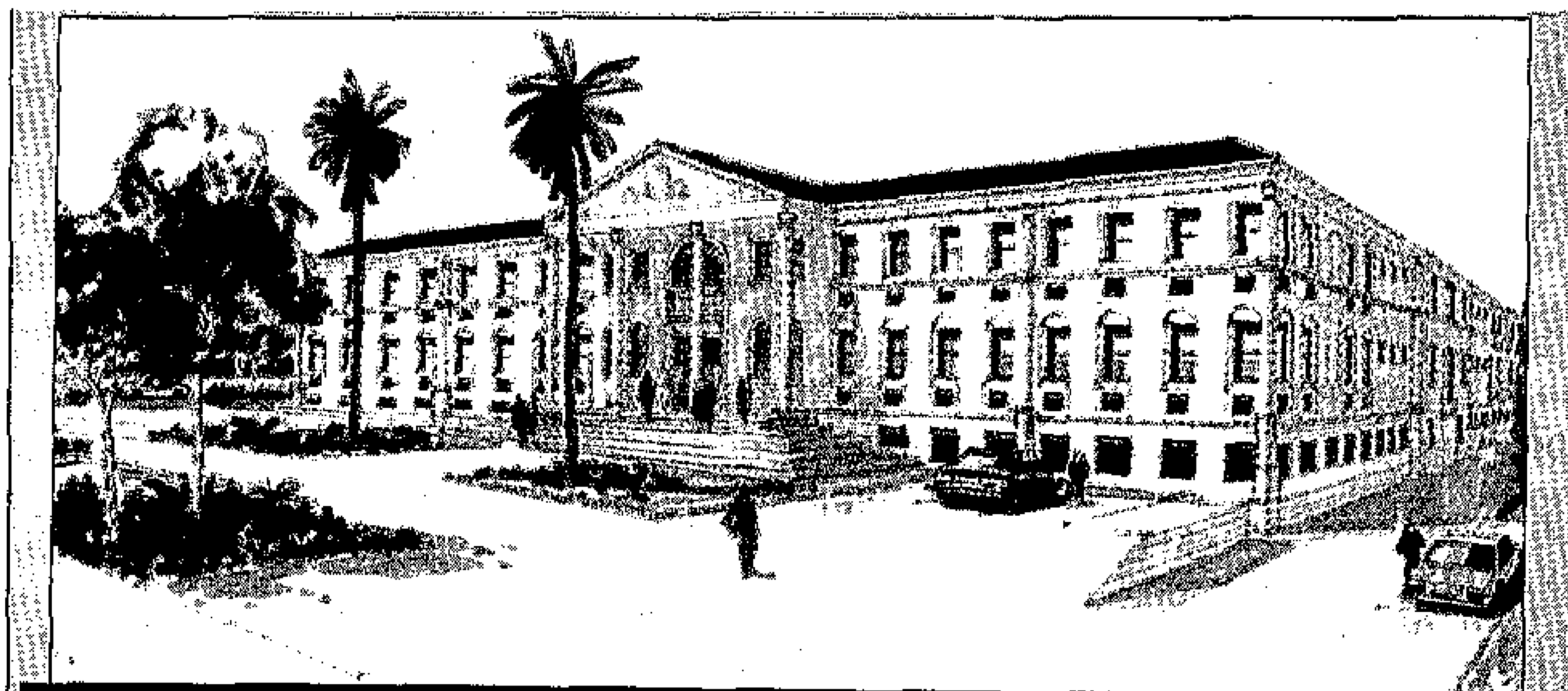
Blowing in the wind

Despite poor public response to a scheme to invest in a proposed R263m hotel complex at Uvongo on the Natal South Coast, the project will go ahead, says Joe Forbes, the Durban-based financial consultant behind the Aquilon venture.

Last year, Forbes issued a prospectus inviting the public to invest in debentures, the minimum of which would be R17 501 — including a R1 ordinary share. At the closing date, January 19, only about R19m had come in. As at least R185m was needed to get the hotel project off the ground, the offer was deemed unsuccessful.

But this week, Forbes said he had no doubt

Continued P66.



FM 16/2/90 (288)

the Aquilon — a 320-room hotel complex planned for the site of the old La Crete Hotel — would be built:

FM 16/2/90 (288)

"The public offer was, to say the least, a bit of an experiment. The general public did not rise to the offer. Now we are going ahead

FM 16/2/90 (288)

in the normal way."

Forbes says he has been negotiating with a party "not interested in the public offer" and expected talks to be finalised soon. He refused to disclose the name of the potential financier.

"We have also had many other approaches and we are confident we'll get the capital to start the project." He says plans for the hotel — which includes 10 suites, swimming pools, nightclubs and a bowling alley — have not changed.

But what happened to the R19m subscribed by the public, which, in terms of the offer, had to be returned within 80 days free of interest?

"We returned the cheques immediately," says Forbes. "In some cases, when it was clear the offer was not going to work, we did not even deposit them. I felt it would be immoral to hold on to the public's money."

He says the total outlay on the project to date is around R4m. The bulk of this involves subcontracting and consulting fees. His personal costs have been about R300 000.

"I think the bottom line of the poor public response was the uniqueness of the offer. Maybe the prospectus was a bit too sophisticated."

In the meantime, the old La Crete Hotel continues to trade. Forbes has a suspensive sale agreement on the property, which will go through once the financial package for the Aquilon development is in place. ■

TIMESHARE FM 16/2/90 (288)

Now you see it, now you don't

In the latest body blow to the timeshare industry it seems highly likely that people in the process of buying units through Timeshare Dynamics (TD), at the time of the company's collapse last year, will lose their deposits.

This is despite reassuring noises, made by organisations such as Sapoa, that buyers were unlikely to be prejudiced.

Their rationale, which the *FM* questioned at the time, was that their money would be protected by the two-tier financial safety net primarily involving TD's "statutory" trust account and, as a back stop, the Estate Agents' Board Fidelity Fund (*Property* September 1, 1989).

The *FM* was labelled alarmist when it warned that buyers' deposits weren't safe and that the case of TD, like others before it, had exposed gaping holes in the Estate Agents Act where it related to timeshare sales.

In the event it turned out that TD, which operated as a brokerage selling units for developers, therefore, apparently qualifying as an estate agency, never maintained a trust account for customers' deposits as estate agents are required to do by law. Its excuse was that it simply operated as a commission agent.

This was a matter of grave concern when the board's legal adviser, and head of its investigation into TD, Hendrik Scheepers, launched his probe in September.

Now, however, it seems the second financial safety net — that of Fidelity Fund protection — is also about to fail. Scheepers says he intends advising against paying "substantial claims" lodged against the board-administered fund by about 30 purchasers of timeshare units through TD.

However, he stresses that this is only a recommendation at this stage. It will be submitted to a board advisory committee. It, in turn, will re-canvass the matter before taking its own view and advising the board. Only then, probably next month, will the board make a final decision.

"So, while my recommendation is based on information gathered during the investigation, it is by no means a final decision. It is quite possible that the baord could take the opposite view," says Scheepers.

However, he adds preliminary indications are that the claims lodged aren't valid.

"There are complicated legal reasons for coming to this conclusion. The arguments take into account all legislation which could have a bearing on the issue, including the Share Blocks Control Act, the Time Share Act, and the Sectional Title Act."

Scheepers declines to be more specific on the grounds that he could be "jumping the gun. I would not like to spell out my case now before the hearings."

He agrees, however, that based on his findings, it would be correct to assume that TD never qualified as an estate agent and was, therefore, not obliged to maintain a trust fund. On the same basis, it must be assumed that TD also fell outside the ambit of the Estate Agents Act. Therefore, customers, irrespective of what they believed, would not benefit from the board's Fidelity Fund.

He adds that during the investigations each specific contract negotiated through TD by claimants was examined. "So we have looked into the merits of each individual case," he says. ■

Michelmore goes in SST shake-up

By Frank Jeans STAR 16/2/90 (288)

Shock changes in top management have taken place in one of the country's leading timeshare groups — Southern Sun Timesharing.

And one of the best-known executives in the industry, Mr Gavin Michelmore, managing director of SST, has been retrenched in a major streamlining of management.

The restructuring centres on the Resort Ownership Division of SST and Southern Sun Hotel Corporation (SSHC) which was responsible for timeshare sales at eight coastal and inland resorts as well as the management of 10 Southern Sun hotels.

Now, Mr Peter Smith, managing director of Southern Sun Hotels is directly responsible for the hotel operations, while the sale and marketing of timesharing will remain in the control of SST.

Duplication

Mr Brian Stocks, chairman of Southern Sun Timesharing, says: "The partnership has agreed to reallocate the function of the division so as to eliminate some of the duplication between the division and the on-site hotel operation.

"This has resulted in the retrenchment of a number of people, including the managing director of SST, Mr Gavin Michelmore."

Southern Sun Timesharing is a major player in the timeshare industry and its involvement began with the successful ventures at Umhlanga — Umhlanga Sands and the Cabanas next door.

Plettenberg Bay Hotel at Plett joined the family along with inland resorts at the Drakensberg Sun and Pine Lake in the eastern Transvaal.

Recent newcomers to the SST portfolio are The Palace in Durban's Golden Mile and The Breakers.

AMND

9/86

Business travel

131.60

56.05

URGENT NEED TO CATER FOR BLACK BUSINESSMEN

(2.88) BDay 16/2/90.

THERE is an urgent need for the SA tourism industry to cater for the black business traveller.

The rapid emergence of a travelling black business sector may well have taken the industry unawares.

As yet, blacks are not a major power in the tourism market, so few real plans or facilities have been made for them.

Satour's 1988 survey of the domestic travel market handled the black market in a separate sample, noting that "blacks are not yet a significant power in tourism despite their potential. Only 4% spent their last holiday at any type of facility or resort".

Chairman of Soweto travel agency Zenzo Action Joe Seakatsi says although many five and four-star hotels are integrated, most two-star hotels are still turning blacks away.

"The black tourism market cannot be measured by simply counting the number of people who book into hotels and resorts.

"From women's clubs comprising teachers, nurses and black businesswomen to successful businessmen and academics who travel for business and take their families on annual holidays, the contribution being made by blacks is large."

He says promotional brochures and advertising are directed solely at the white market and black consumers need to be informed of what is on offer.

In a study of upper income black travelling habits conducted by Boshoff & Du Plessis in 1988 it was found that 51% travelled in their own vehicles, 19% went by air, 8% by train and 2% by bus.

In Satour's study, which took all income groups into account, the percentage travelling by air fell to 1%.

Boshoff & Du Plessis' study showed that 28% of the "relatively affluent" sample stayed in hotels — 14% of them in five-star hotels.

Coach travel companies report they are finding rapidly increased demand from black travellers, with the percentage in some cases having risen to as much as 30% of their custom.

The question that needs to be asked is if the tourism industry is already stretched meeting existing demands, how much development will be required when all population groups take their place in the travel market?

94.80 40.37 200.00 85.18 222.00 94.55 222.00 94.55

Operatr Crane 2

0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	95.60	95.60	105.20
113.60	118.80	142.40												
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50.37	44.26	44.80
43.29	42.44	45.63												

Curr. Hours: **40** , Real Weekly Wage **12/88: R 45.11**

Lifting of the barriers will herald a boom

BDay 16/2/90 (288)

THIS year is expected to be a record one for tourism and for inbound business travel in SA.

With political barriers to trade significantly removed by President F W de Klerk's landmark changes to government policy, the travel industry seems set to take off.

Satour executive director Spencer Thomas says over 1985 to 1986 — a disastrous year for tourism — SA lost about 40% of foreign tourists. But he predicts "this year will bring a record figure".

The picture has improved consistently in recent years.

In 1988, tourism earnings were R2 372m on domestic (19,6% up on 1987) and R1 494m on foreign tourism (28,6% up on 1987).

This represents 99% growth on a 1983 base for foreign travel and 82% growth on domestic.

Foreign arrivals in SA from January to September 1989 (651 242 visitors) were 16,4% up on the same period in 1988, with higher growth from specific origins such as Europe, particularly Germany (19%), France (33%) and Britain (21%).

Bed nights SA hotels sold to foreign tourists in September and October 1989 were markedly up on the previous year judging by Central Statistical Service figures.

But as SA comes out of isolation, its tourist infrastructure has taken strain at peak seasons.

The task of the early '90s — expected to be a major finding of the Board of Trade and Industry inquiry into tourism to be completed by June this year — will be to improve and expand tourist facilities.

Thomas says: "Hopefully the findings of the BTI will include recommendations for more development of infrastructure.

"Other helpful changes will be the removal of travel restrictions and perhaps changes to the patterns of school holidays, which create forced peak seasons of five to six weeks at a time.

"SA has an all-year favourable climate and we shouldn't be trying to cram a peak season into such a short period. There could be better planning, but changes need to be made to the national calendar."

He says about 18% of foreign visitors in 1989 were travelling on business.

If positive developments on the sanctions front emerge in the course of 1990, this should grow.

When African countries are excluded, our top 10 foreign business markets are the UK, Germany, the US, France, Taiwan, Italy, Switzerland, Israel, Portugal and Japan.

Mother City the place to do business

Cape Times 17/2/90 (288)

The increasing popularity of Cape Town as a tourism destination is evidently contributing to a conference climate, at a time when conference venues in the city are already in demand as never before. ROGER WILLIAMS reports.

CAPE TOWN is rapidly gaining in popularity as a conference centre, with bookings for 1990 showing an average increase of 20% over last year, at more than 50 main conference venues in and around the city, mostly at hotels.

Mount Nelson GM Nick Seewer says the hotel's turnaway rate for conference bookings at its six venues has risen by 20% over last year and that for the first time bookings have had to be turned away in May.

The traditional mid-year valley period for bookings is fast disappearing, he says, with a marked increase in reservations during the Cape's "Green Season".

Seewer adds: "We now have what is virtually a nine-month season for conferences, seminars, training schemes and conventions, with international as well as national conferences markedly on the increase."

Sandra Collier, regional sales manager of Southern Sun Hotels and Holiday Inns, says: "Many national annual conferences are cyclical, and 1990 sees the return of some major conferences to Cape Town. We are looking at a marked increase — approximately 20% — of conference business reserved into our Cape Town hotels."

Up by 20%

"Our group has devised some innovative winter conference packages which have contributed to this increase, particularly from May to September, when this business is needed most."

Arthur Gillis, MD of Protea Hotels, says 1990 bookings of conference venues at the group's nine hotels in the Western Cape are up by 20% on last year, and revenue has risen about 25%.

Of the overall R50 m earned annually by the group through conferences around the country, about R15 m is now being earned in the Cape, he adds.

Alastair Trafford, who three years ago established a conference centre called Mont Fleur, on the slopes of the Helderberg near Somerset West, says that without advertising he has been running the centre on an 80% occupancy rate in the 45 weeks of the year during which there is demand for conference venues. Bookings at this 22-bedroom venue are about 10% up on last year, he says.

Ted Duyn, proprietor of the Hout Bay Hotel, says demand has been such that a conference centre capable of taking 150 people is being established at the hotel, which up to now has been able to handle only small groups of up to 30.

Peter Casey, sales and marketing manager of the Lord Charles Hotel at Somerset West and the Van Riebeeck Hotel at Gordon's Bay says bookings are about 25% up on last year at the Lord Charles — most of them for national conventions — and that the Van Riebeeck is doing "consistently steady" conference business throughout the year.

There is, he says, an increasing demand for professionally-run conference centres at the Cape.

A Cape Town City Council spokesman says the council is looking at ways of upgrading its two major conference venues, the Good Hope Centre with its capacity of more than 1 000 persons, and the Civic Centre in which the main hall can take 750.

Holidays

Sea Point hotelier Alan Romburgh, who is negotiating for the purchase of a large passenger liner for conversion to a permanent "Flotel" in the Victoria and Alfred Waterfront re-development scheme, says it is intended to provide a "very large" conference and banqueting facility in this liner.

● Captour MD John Robert says Cape Town's growing popularity as a conference centre is an offshoot of the Western Cape's growth as a holiday destination. "What is happening is that an increasing number of people are combining business with holidays."

Robert predicts that with fast-moving political developments "we are en-

Goss, Heron ponder link

S/Times 18/2/90

Business Times Reporter

DICK Goss and Ian Heron, who resigned suddenly from Kersaf boards last December, may team up in private business ventures.

Stressing that he resigned from Kersaf's boards because he wished to, Mr Goss says he has plenty to do in "semi-retirement".

He has business interests and game farms and is still on the boards of Old Mutual and Safren, the company that controls Kersaf. Mr Goss says his Safren position should not be the cause of any conflict.

Cattle

268

He and Mr Heron say they are considering certain opportunities. Neither will disclose why they resigned.

Mr Heron says he has been offered corporate jobs, but may prefer to do his own thing. He has bought a 2 000 hectare cattle farm near Ficksburg.

Mr Goss was chief executive of SA Breweries until 1983. He and Sol Kerzner, then managing director of Southern Sun, left SA Brews after JCI, Premier and Liberty grabbed control as part of the Premier buyout.

SA Brews had previously been independent with the Old Mutual as largest shareholder. Old Mutual chairman Jan van der Horst resigned from Anglo American's board because of the deal.

Mr Goss, a long-time friend of Mr Kerzner, became chairman of Sun International after the split from Southern Sun.

Mr Heron was managing director of the SA operations of Joy Manufacturing, an American mining machinery company, before he was made a director of Kersaf by Mr Kerzner.

The resignations have not been explained by the parties, but sources close to them say disagreement over the scandal involving payment of R2-million to Chief George Matanzima of Transkei sparked the fall-out.

Through the roof

PROPERTY prices are soaring in Cape Town and estate agents report that demand exceeds supply.

Cape Peninsula agent Carmella Seeff says house prices are up by between 20% and 25% in the lower to middle range, but about 40% in the higher price bracket. She puts the boom down to increased political confidence.

ST Times 18/2/90 (288)

Kersaf jackpot

Business Times Reporter

CRACKERJACK performances from Sun International Bophuthatswana and Royale Resorts helped Kersaf to earnings growth of nearly 30% in the six months to December.

The holding company for Sun International and Interleisure reports turnover up by 26% at R804,7-million, pre-tax profit ahead by 29% at R227,1-million and earnings rising by a like amount to R63,8-million.

Earnings a share were 85,1c (65,8c) and the interim dividend has been set at 50c.

Royale grew as fast as the rest of the hotel and casino empire and chipped in about R30-million.

Says chairman Buddy Hawton: "Our management fees rose and the Mauritian operations did well. I can't say much else about Royale."

Mr Hawton says a rights issue is being considered to help fund the R1-billion Sun Bop expansion announced last week. He says a PE of 25 makes a rights issue attractive, "but we are not sure we would want to issue shares even at that multiple".

Sun Bop contributed R24-million to the bottom line, TransSun R10,5-million and Interleisure R6,5-million. Liquor's contribution was about R3-million.

Some analysts wonder whether the R1-billion Sun Bop extension will pay for itself, particularly because gaming revenue is not expected to grow commensurately with the capital investment.

Mr Hawton says the idea is to infuse more excitement and interest in the Sun Bop resorts and thus to attract more visitors, who will spend on all the facilities, not only gaming.

Kersaf Investments comes up trumps (288)

Star 19/2/90 **Finance Staff**

Kersaf Investments, Sun International's holding company, turned in a good growth rate in earnings of 28 percent for the six months to end-December.

Attributable earnings soared from R39,35 million to R63,85 million, which translated to earnings per share of 85,1c, a 29 percent increase on 1988's 65,8c. An interim dividend of 50c (39c) was declared.

Revenues rose by 26 percent to R805 million (R639 million), while operating profits improved by 28 percent to R220,35 million (R172,53 million).

The directors say that trading conditions were affected by the slowdown the South African economy.

Sun International resorts traded at an occupancy rate of 74 percent during the period under review, compared with 72 percent the previous year and 65 percent attained by the top hotels in the SA markets.

Directors expect a satisfactory performance for the full year, despite the further economic slowdown.

Kersaf's balance sheet was strengthened considerably, with total assets rising from R1,6 billion to R1,94 billion, largely as a result of taking up its rights in the additional share offer by Sun International's offshore hotel group, Royal Resorts.

Royale Resorts boost for Kersaf's balance sheet

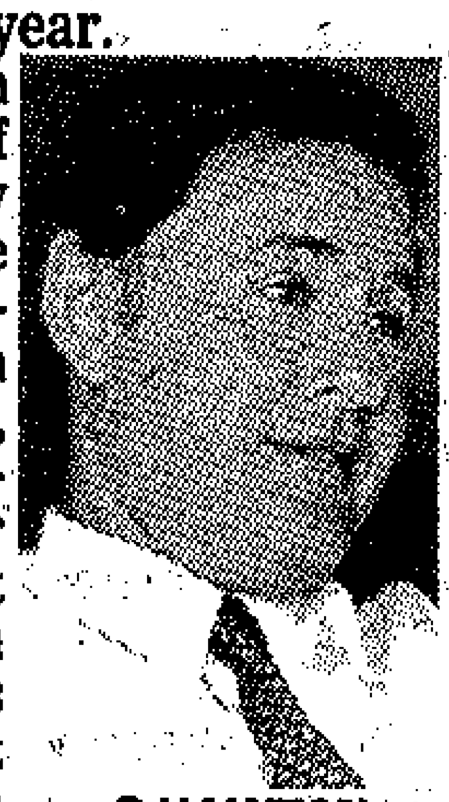
B Day 19/2/90

288

BARRY SERGEANT

KERSAF Investments, the 76% Safren subsidiary, has boosted its balance sheet by R164m at the interim stage, mainly as as a result of offshore associate Royale Resorts' rights offer last year.

In an interview on Friday, Kersaf chairman Buddy Hawton said the group would proceed with expansion in southern Africa, despite some uncertainty over whether SA would grant gambling rights in the future. This could pose a direct threat to Kersaf's casinos in the TBVC countries.



● HAWTON

Kersaf increased dividends 28% to 50c (39c) a share for the six months to end-December. Earnings increased 29% a share to 85,1c (65,8c) on the back of a 26% turnover increase to R805m (R639m).

Operating profit increased 28% to R220,4m (R172,5m). The tax rate remained steady at about 31,5%, the tax charge increasing in sympathy — at 29% to R71,9m (R55,8m) — with untaxed profit at R227m (R175m).

Kersaf's fine results follow healthy results from its holdings, comprising its wholly-owned Douglas Green liquor operation, the 38,5% stake in Interleisure and 80% stake in Sun International (SI).

Most important contributor to Kersaf group profits is 40% associate SI Bophuthatswana (Sunbop) which reported a 38,2% increase in earnings per share for the six months to end-December.

On Friday Kersaf shed 50c to close at 2 500c, reflecting a market capitalisation of about R1,9bn. Sunbop's market capitalisation was about R2,7bn, Transun R500m, and Interleisure R300m.

In the interview Hawton said that details of the financing method for Sunbop's announced R1bn expansion had not yet been finalised. Even further from completion were plans for expansion at 34% Kersaf associate Transun, which recently clarified its gambling rights in Transkei.

Transun will have exclusive gambling rights in the so-called northern part of Transkei until at least 1998. Hawton said the levies negotiated until then were very favourable — 7,5% for three years, 10% for the next three, and then negotiated.

The northern part of Transkei is the most lucrative, and Hawton describes the potential of the area as providing exciting opportunities.

Kersaf's balance sheet at December 31 reflects greater strength on both sides, with shareholders' equity up 15,7% to R1bn, and net assets up 13,3% to R1,3bn. On the assets side, the largest increase at 46,2% is for investments and loans at R520m (R355m). Hawton ascribes this mainly to SI following its rights in a recent rights offer by offshore associate Royale Resorts.

Of the R534m (R493m) current assets, about R325m represented cash, swamping interest bearing debt which rose marginally to R230m (R223m).

Protection

Interest bearing debt:shareholders' funds fell to 22% (25%), and net worth per share advanced 13,8% to 684c (601c).

Hawton said that at this stage the question of SA granting gambling rights in its probable new political dispensation was a moot point. He said that if this happened, the Kersaf group companies should have a strong case for a plea of continued protection.

"The group's casinos have provided substantial, on-going employment in the TBVC countries.

"The effects have been to achieve many of the objectives stated in SA's decentralisation policy, and have only been achieved at considerable capital cost and risk to the group."

CM Times 20/2/90

Mount Nelson transferred to Italian company

Financial Editor

28

CAPE TOWN's historic Mount Nelson Hotel now belongs to an Italian company, Cipriani Hotels, registered in Milan. But there has been no real change of ownership.

The principal shareholder, James Sherwood, explained yesterday that he had transferred ownership of the Mount Nelson and other hotels from Sea Containers, listed on the London and New York Stock Exchanges, to his new holding company in Italy.

"It was simply a case of moving it from one pocket to another," he explained.

"But the hotels had to be valued by appraisers, and I think this gave rise to rumours last year that the Mount Nelson was going back on the market. There is no truth in that at all."

Sherwood said he intended to list Cipriani Hotels on the Milan Stock Exchange in about two years but would retain 60% of the company.

One reason for the transfer, made while he was fighting off a takeover bid for Sea Containers, was that Italian investors were prepared to pay more than US investors for shares in a company owning hotel properties.

It was also easier for an Italian company to invest money in SA than for one with a US stock exchange listing.

Sherwood, who has stayed regularly in the Mount Nelson for years, said he intended to invest about R4m or R5m a year for the next five years in improving and extending it.

"We have already carried out some improvements but it has to be done gradually, so as not to destroy the ambience of the hotel."

He plans to rehouse hotel staff in other accommodation and use buildings they now occupy on the site as annexes to the hotels.

Discussing overseas investment in SA, he said he was confident of the future of the tourist industry.

But the present uncertainty about the political future discouraged investment in some sectors. The sooner a decision was reached on SA's new constitution the better.

Entercor exceeds expectations with R6,8m profits

LIZ ROUSE

TRAVEL and leisure group Entercor Holdings made taxed profit of R6,752m against the listings prediction of R5,2m for the 10 months to December.

This was achieved on a turnover of R91,17m, 14% higher than the forecast R80,154m.

MD Robin Binckes says the group benefited from a much stabilised political scene and the resultant surge in tourism. b Dm 21/2/90

All divisions performed up to desired levels with travel and tourism exceeding expectations.

Binckes says the past year was a period of bedding down the diverse activities of the individual operating units.

This was achieved and Entercor has succeeded in firmly entrenching itself as market leader in its respective fields.

Travel and tourism division's Springbok Atlas and Greyhound had their most successful year.

Home of Cycling underwent major mangagement changes and is now performing up to expectation, while the sport division continues to dominate with motor sport and golf.

TIMESHARE

F/M 23/2/90

The battle lines are drawn

(288)

One gets the impression that the Estate Agents' Board is sailing into a minefield over the thorny issue of payouts to creditors of Timeshare Dynamics. The timeshare vending company went bust last year.

Far from being a simple issue of the board determining whether individuals should be reimbursed for deposits lost as a result of Timeshare Dynamics' demise (*Property* February 16), it now seems probable that creditors will take legal action against the board if it throws out their compensation claims.

Sapoa's timeshare committee must be following the issue closely and with some apprehension. Rejection of purchasers' claims could set a precedent which would further damage the timeshare sector's already tarnished image.

Nevertheless, the board is likely to reject purchasers' applications for a refund when it meets next month — if it follows the advice of its legal adviser, Hendrik Scheepers, who investigated their claims. While he won't discuss why he came to his conclusion, Scheepers implies that he doesn't believe Timeshare Dynamics qualified as an estate agent and, therefore, was not subject to the stringent controls of the Estate Agents Act. This appears to be tacit acceptance of Timeshare Dynamics' claim that it was a commission agent and not an estate agent.

However, a lawyer representing a substantial group of creditors, says rejection of the claims by the board could well result in legal action if all other avenues fail.

He adds he and his clients will take a decision on what action they will follow only once a formal response has been received from the board.

"Our preliminary view is that, with the failure of Timeshare Dynamics, the Estate Agents' Board is liable, in certain circumstances, for money owed in deposits. It depends on how it was paid."

He claims the moment Timeshare Dynamics received money or cheques, irrespective of whether it passed it on, it became liable for that money. "It is established that Timeshare Dynamics was selling timeshare on behalf of other organisations. That, clearly, makes it an estate agent. The fact that it never maintained a trust account for deposits should not prejudice unit buyers. That is as long as Timeshare Dynamics received the deposits — what happens to that money afterwards is not the concern of the buyer."

While Sapoa's timeshare division is unlikely to take an official view on Timeshare Dynamics issue until after its next meeting, director Peter Erasmus points out that, in terms of the organisation's "tough new code of ethics," registered timeshare developers will be allowed to sell timeshare only through brokers registered as estate agents who can prove they operate trust accounts for deposits.

Brokers representing signatories may not represent developers not officially affiliated with the new code. To date, he says, nearly 25 timeshare companies have become signatories.

"That is a deceptive figure, partly because they represent about 70% of the market. Secondly, a number of firms are still in the process of sorting themselves out in terms of the code's requirements. When that happens, the numbers should swell significantly."

One timeshare developer, Jan Kruger, chairman of Kondotel, points out only a small segment of the timeshare industry is attracting unfavourable attention. He adds that "90% of timeshare projects are successful and the timeshare industry is thriving. Proof of this is that the industry turned over R172m in the last year."

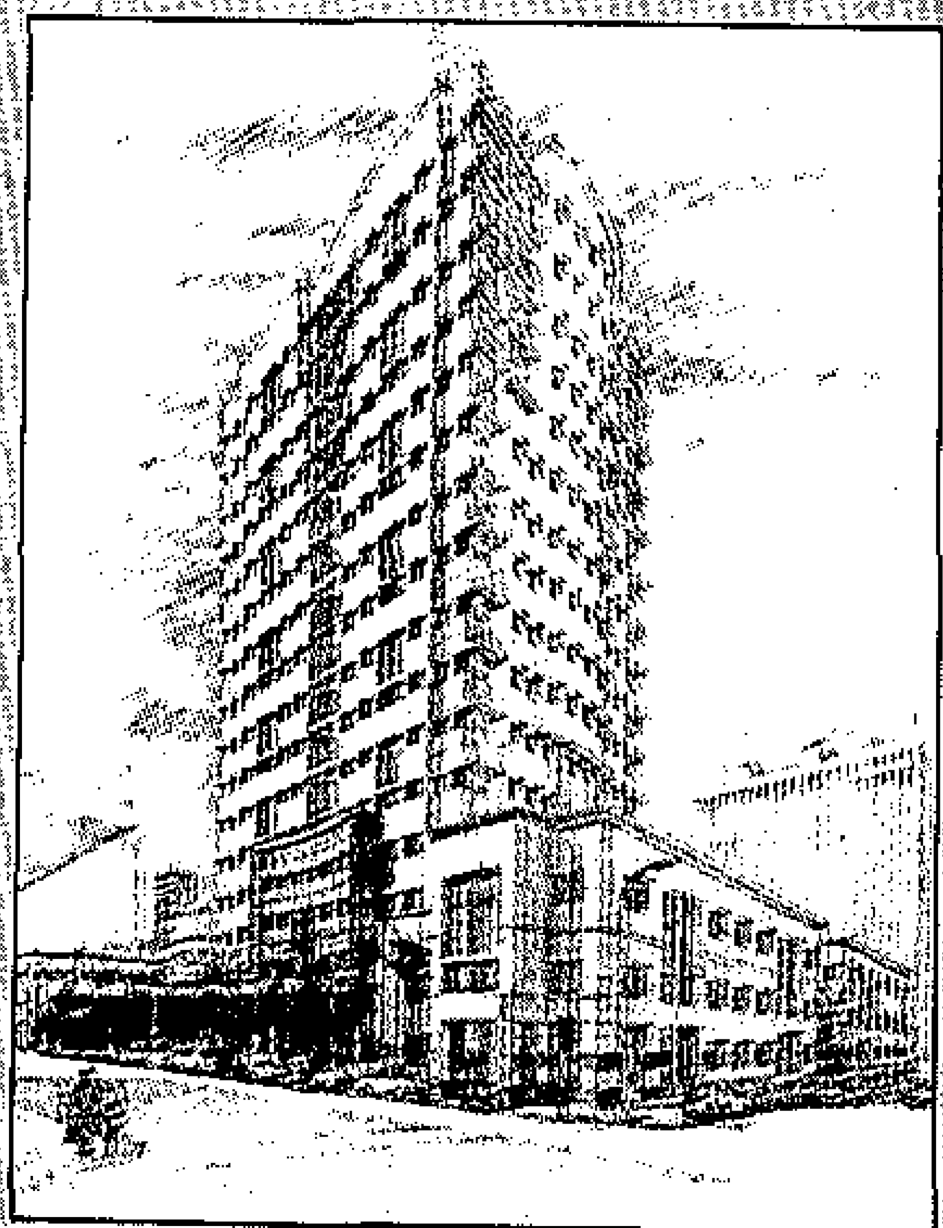
Kruger says his organisation, for example, recorded a 120% increase in vacation ownership with 62% of this revenue coming from unit sales in Durban.

Kondotel may be doing well, but further evidence that all is not well in the industry comes with the news that the market's largest operator, Southern Sun Timeshare, has dismissed MD Gavin Michelmore. While it is keeping mum over reasons for this, the organisation has had an unhappy year with considerable criticism levelled at it over substantial hikes in levies at certain of its timeshare resorts.

Meanwhile, Merchant banker Alpha Bank and timeshare vending company Leisure Life International have made an offer to buy the troubled Blue Marlin timeshare resort on the Natal South Coast (*Property* February 9).

They have made a cash offer to the liquidators of resort owners World of Leisure for its 50% of the timeshare units in Blue Marlin Shareblock and the 25% owned by Blue Marlin Time Sales (Pty) Ltd. If the offer is accepted, R2m will be spent almost immediately on ugrading the timeshare units and a further R10m on a new timeshare development on a vacant portion of the property. ■

CHANGING SKYLINE



Liberty Life Properties looks set to substantially increase its already large share of the Braamfontein office market. Its R70m Jorissen Place development is scheduled to come on stream in May 1992.

The building, located at the intersection of Bertha, De Korte and Jorissen streets, will comprise 25 000 m² of A-grade offices and 800 m² of shopping. The complex features a central core of 17 storeys with two, three-level wings.

Demolition of the existing buildings on the site should be completed by the end of this month. Main contractor is Rapp & Maister Construction, the building arm of Liberty Life Properties. Project architects are Louis Karol.

MD goes as Southsun Timeshare retrenches

(288)

S|Times 25/4/90

By Charmain Naidoo

SOUTHERN Sun Timesharing (SST) has trimmed operations and retrenched former managing director Gavin Michelmore.

With the timeshare business in the doldrums, SST and Southern Sun Hotels have restructured the operation of their Resort Ownership Division.

SST executive chairman Brian Stocks says: "This division was previously responsible for the operation of the timeshare sales at eight resorts and for management at 10 Southern Sun Hotels.

"The partners have agreed to reallocate its work to eliminate some of the duplication between the division and on-site hotel operations."

All hotel duties at the timeshare resorts will fall under the direct responsibility of Peter Smith, managing director of SS Hotels.

Acrimonious

Mr Stocks says: "Sales and marketing of timeshare will remain the responsibility of SST."

He says of Mr Michelmore's retrenchment: "There was a lot of duplication of effort and time which was costly and wasteful. With our rationalisation, Mr Michelmore's responsibilities diminished and his function fell away.

"Also, I now have a lot more time on my hands and will take over the general running of SST."

The parting, a source close to both men claims, was "extremely acrimonious".

SA's largest timeshare operation, jointly owned by Sage and Brian Stocks Groups, and Southern Sun, produced disappointing results for the year to March 31, 1989.

The group's share of earnings from SST declined by over 50%.

Mr Stocks says: "Our profitability was down because four projects were added to our portfolio — Drakensburg Sun, Pine Lake, Breakers at Umhlanga Rocks and The Palace in Durban."

Southern Sun group managing director Bruno Corte said in the annual report that because of delays in launching and high start-up costs, profit contributions by existing projects — Umhlanga Sands, Beacon Island, Cabana Beach and Sable River Hotel — were eroded by new projects.

Sun Swop, begun in Mr Michelmore's time with the company and sanctioned by chairman Mr Stocks, provides facilities for existing owners. The swop division will continue to operate, says Mr Stocks.

"SST has grown in the past few years — we now have 27 000 owners. Our association with Resorts Condominium International works well and we can offer a much wider service to more people.

"This is not a profit centre. It's based on a break-even type operation. Our resales are run on the same lines — a service to owners."

Glossy

In spite of two popular Southern Sun magazines — Era and Sun — a glossy timesharing magazine, Sun Times, was started.

The reason Mr Michelmore gave at the time for starting the magazine was that after levy increases of up to 60% and complaints from owners, SST needed a communication line with clients.

However, Mr Stocks says the company is rethinking the expensive magazine and could stop publishing it.

Mr Stocks forecasts a static year for timeshare.

"Despite an improvement in confidence, disposable income has not grown. It will be a quieter year for the industry as a whole."

Mr Michelmore was not available for comment.

Water for the future

THE multi-million-rand Lesotho Highlands water project is taking shape. See pages 5, 6 and 7 for more about a scheme that will bring water to South Africa and electricity to Lesotho.

UK bookings boom for holidays in SA

Argus 26/2/90

288

The Argus Foreign Service

LONDON. — British tour operators are looking forward to a bumper crop of bookings for holidays in South Africa — but not, it seems, as a result of Mrs Thatcher's decision to lift the ban on the promotion of travel to the country.

In spite of an early dip in business following the introduction of the ban in 1986 (the number of Britons visiting South Africa fell by nearly a third to 85 000), business rapidly recovered and continued to prosper.

Several British companies dropped South African destinations from their brochures and Thomas Cook divested itself of its interest in a South African subsidiary, but much of the slack was taken up by South African Airways and the South African Tourist Board.

SAA regional manager Phillip Unterhorst has revealed to The Times newspaper here that his advertising budget was boosted from nothing in 1985 to around £750 000 (R3-million) today. He says: "For the last nine months we've been operating to full capacity."

A weak rand and low prices boosted interest already whetted by the South African advertising campaign, "See what's happening for yourself", and Tempo, one company which retained close links, said: "Word just got around that South Africa was a good place for a holiday."

New weekly flight

Marion Tuckerman, a senior manager with Speedbird Holidays, also reports a prospering relationship with South Africa. She said: "We've seen a quite sensational growth in bookings — up 60 percent — over the past two years. We have difficulty in finding the space."

Companies, such as Kuoni and Abercrombie and Kent, who pulled out in 1986, are now starting to review their options.

They will be aided by the new SAA weekly flight from Manchester to Johannesburg in six weeks' time.

But nobody is prepared to say at this stage whether the release of Mr Nelson Mandela and the lifting of the travel ban will, in fact, increase travel between Britain and South Africa to an even greater extent — but all indications are that, whatever happens, no downturn in business is anticipated in the trade.

Southern Sun fails to give market confidence

288

BDay 2/3/90

THE pending results of Southern Sun Hotel Holdings (SS) are not going very far towards boosting market confidence.

Market analysts say confidence has been left little room in the wake of top-level SS retrenchments.

Without the retained earnings of associated companies, including the group's 20% stake in Sun International (SI), SS showed an after-tax loss of almost R4m — anchored by a 59% hike in financing costs of R14m, for the half-year to end-September.

Group financial director Les Smith said the group's timeshare division (SST) had been adversely affected by unanticipated costs and delays in the commencement of the Drakensberg Sun project over the year, and that the new Palace and recently refurbished Breakers hotels in Natal were yet to contribute fully to profits.

He said the division's contribution to group profits was likely to be far less than last year's R1,5m, but expected it to show real growth in the upcoming financial year.

He said trading prospects for the last six months of the financial year were

BRENT MELVILLE

encouraging. "Despite the fact that the Christmas season was shorter, occupancies were still marginally up and ahead of the rest of the industry."

Food and beverage revenue was also shy of expectations due to a changed business mix, particularly in Durban.

On the whole he expects improvement in trading performance and earnings and dividends of associates this year, though he admitted that any rise would be mainly due to the contribution from SI.

Travel

Analysts say, however, that SI's contribution has traditionally been, and would continue to be, masked by the more stagnant earnings of the group's SST and TFC tour divisions.

TFC tours, representing SS's 50% holding in the travel and tour business, contributed earnings of over R500 000 last year. Smith expects this to fall.

Analysts are forecasting no more than a 15% rise in turnover to R450m (R390,4m) for year-end, and are figuring on a gross operating profit of about R87m (R84m).

Retained earnings of associates should contribute just over R15m, on what Smith reckons will be an increase of at least 20% from SI.

Earnings are expected to show a negligible increase to about 36c (35,7c) with a dividend outlay of 26c (25c) a share, said analysts.

Smith admitted that the group badly underestimated the impact of higher interest rates last year.

Wage increases were also a major factor. Labour currently constituted between 40% and 50% of SS's expenses and over the past two years had risen sharply. A moderated 15% average increase is anticipated next year.

SS hotels were allotted R20m-worth of refurbishment capex during the last financial year and Holiday Inns (HI) absorbed an additional R18m.

By December of the current financial year the group had spent R3m on refurbishing SS hotels and R7,5m on HI, with another R3,5m budgeted for.

Over and above that, R35m was expended on building the Landdrost Hotel in Bloemfontein and refurbishing of the St Georges Hotel in Cape Town.

FM 2/3/90 (288)

CARLTON UPGRADE

Johannesburg's oldest five-star hotel, the Carlton, has pulled up out of its nosedive and is now operating at above 80% occupancy on the 460 rooms it uses.

The rooms were renovated 18 months ago at a cost of R7,5m, but business is so brisk that Three Cities Hotels, which manages the hotel, is planning to renovate the 200 rooms that were closed in 1988. The exercise will cost R5m and the refurbished rooms are expected to be back in service by September, when "we believe they will be needed," says chairman Russell Stevens.

In addition to the room refurbishments, the owner, Ampros, is spending R3,5m on revamping the foyer and R2m on renovating some suites and improving the plumbing and electrical systems. This work is due for completion next month.

Stevens says the hotel is now profitable. It has wooed back many of the patrons it lost and is being patronised increasingly by overseas visitors. This is certainly a turnaround in its fortunes. Two years ago, when occupancies dropped to 40%, closing 200 rooms made sense.

Full steam ahead for luxury train

285

Cape Times 3/3/90

Great news for lovers of steam-travel: an up-market, steam-drawn passenger train will soon be operating in the winelands of the beautiful Franschhoek Valley, providing a further boost to tourism at the Cape. ROGER WILLIAMS reports.

A DREAM COMING TRUE... Franschhoek wine farmer Michael Stander with a Railway Museum calendar picture of a passenger train drawn by the type of steam locomotive, the 19-D, which will haul his Champagne Express through the Paarl and Franschhoek winelands. The passenger coach, dining saloon and kitchen car will be royal blue.

Picture: ALAN TAYLOR

AN up-market, steam-drawn passenger train to be called the Champagne Express will be operating soon on the little-used branch line between Paarl and Franschhoek.

This exciting addition to the Cape tourist scene will make whistle-stop trips through the scenic Franschhoek Valley in what is claimed will be the only steam-train service in the world operating through wineland country.

The train, aimed primarily at the top of the tourist market, will offer a new attraction at a time when tourism is taking off in the region.

It could be to the Western Cape what Rohan Vos's Rovos Rail steam safari is to the Eastern Transvaal and what the George-to-Knysna Outeniqua Choo-choo is to the Southern Cape.

The train will be operated by a new company, the Crown Railroad Company, the partners in which are Franschhoek wine farm Michael Stander (32), who conceived the idea eight months ago, and Dr Glennie van Hoogstraten, daughter of the late MP for Gardens, "Hoogie" van Hoogstraten of Hout Bay.

Stander plans to market the Champagne Express overseas at international travel expositions as well as in South Africa. Foreign visitors will be able to book on the train through travel agents as part of their tour packages.

With the full support of Transnet (formerly Sats) and of wine and fruit farmers along the route, Stander is planning to get the Champagne Express going in September, running five days a week with stop-overs at wine farms en route.

And when the Victoria and Alfred Waterfront redevelopment project is further advanced he hopes to run the steam train through to the Waterfront area from Paarl at weekends.

The train, initially carrying 40 passengers on each trip, will operate on the 30 km branch line between Paarl and Franschhoek and, says Stander, stations along the way will be upgraded and smartened. Franschhoek station itself will be revamped and landscaped.

Restaurants

"The idea", he says, "is to operate on an alternating roster with a stop on each trip at one of the wine farms on the route. Passengers will be taken by luxury coach to Paarl station, where they will board the train, and at the stops made along the way they will be given a chance to visit wine farms such as Boschendal, l'Ormarins, Bellingham and La Motte.

"Restaurants at Franschhoek will take it in turn to serve lunches to the passengers and we intend setting up an up-market gift shop and information bureau at the station.

"The passengers will also be taken to the Huguenot monument and museum and for those wishing to spend a night at Franschhoek, a private guest-house will be available to them on the mountainside, with magnificent views across the Franschhoek Valley.

"On the way back to Paarl, the train will stop at Simondium siding for tea and for passengers to visit a new art gallery being created there by the community of artists living in the area."

Maintenance

The royal blue passenger coach, vintage dining car "Nyanza" (once part of the Blue Train's predecessor, the Union Express) and kitchen car acquired by Stander have until now been a static restaurant at Franschhoek station. They will be fully restored at Transnet's maintenance works at Salt River and Stander then proposes refurbishing them in the elegant, old-world style of the Orient Express.

Meanwhile two class 19-D locomotives are being brought to the Cape from the Transport Museum in Johannesburg, to take it in turns to draw the Champagne Express. They are to operated by Transet staff and maintained at the railway depot at Daljosofat.

Stander intends reinstalling the locomotive turntable at Franschhoek station and creating a museum-like "steam park" for steam enthusiasts visiting the area.

Karos signs Polana deal

288

S Times 4/3/90

By Ian Smith

JSE newcomer Karos Hotels has beaten off strong South African and foreign competition to tie up the management contract for Mozambique's Polana Hotel.

A joint venture company, Hoteis Polana Lda, has been formed to handle the R30-million refurbishment of the hotel on Maputo's beachfront. It will also develop a chain of hotels in Mozambique.

Karos Hotels and private French and Mozambican investors will hold 55% of the company and the Government the rest.

Balance

The Government's stake will be held by the Department of Tourism, the State airline LAM and the State-controlled insurer SOCIEF.

The future of the Polana has been in the balance for two years while the US-based Sheraton group, the UK's Lonrho, and SA's Southern Sun, Protea and Karos negotiated with the Government.

Karos joint managing director Stan Hoffmann, who signed the agreement with Mozambique Prime Minister Mario da Graca Mashingo on Thursday, is particularly pleased at the outcome.

His family and Mozambican partners owned the the Herbert Baker-designed Polana before it was nationalised in 1975 when Frelimo came to power.

Occupancy

Karos found favour with investors after a heavy development programme and good figures for the six months to last September. Attributable profit was R4,5-million on a 36% jump in turnover to R26,4-million.

The share price has risen to 245c from 200c at the end of last year.

Karos takes over the management of the Polana from May 1 when fee income will begin to flow through.

About R6-million of the refurbishment costs will come from share capital of the joint venture company, and the balance from a consortium of SA banks. The 10-year loan, guaranteed by SA's Credit Guarantee Investment Corporation, is on

● To Page 3

Karos deal

● From Page 1

favourable terms, says Mr Hoffmann.

288

The hotel will be managed, marketed and administered by Karos. The group will provide all design and technical services for the refurbishment, expected to take between 12 and 16 months.

"The Polana is operating profitably with occupancy consistently above 80%. About 90% of clients are foreign, and they pay in dollars.

S Times 4/3/90

"There is a huge upsurge in business activity in Mozambique," says Mr Hoffman.

Turnover is expected to top R25-million in the first year after renovation.

Mr Hoffman says he was impressed by the official attitude towards SA involvement in the project.

"The Prime Minister told us how much he appreciated the return of South African know-how and entrepreneurial skills.

"He hoped our entry would be the forerunner of more SA investment."

Karos has another project in Mozambique under consideration, and it is looking for more hotel sites.

Kondotel hits R24m

S/Tms 4/3/92 By Charmain Naidoo 288

KONDOTEL reports R24-million timeshare sales in the past year — a 120% increase on the previous 12 months.

Chairman Jan Kruger says the group experienced an unprecedented increase in holiday ownership, 62% of this revenue coming from Durban.

This despite the fact that the Natal seaside capital was reported to have had an influx of indigent people who invaded the city at Christmas and New Year, slept on the beaches and spent no money in the operating infra structure.

Early this year, Durban's hotels complained about lower room occupancies, unused food and beverage facilities and reduced turnover.

Mr Kruger says Kondotel's Durban sales were strong.

"The timeshare market's turnover was R172-million in the past year. Most of our sales in December and January came from our three Durban projects — the four-star Tropicana, the Durban Spa and three-star Beach Hotel."

Drakensberg Gardens Hotel & Chalet and Thaba Monate also exceeded expectations.

Mr Kruger says the Durban Spa's 104 units have been sold for R25-million.

"Good management and a professional approach are the essential ingredients for success in the timeshare industry," Mr Kruger says.

S/Times 4/3/90

(288)

Cheap timeshare

A CUT-PRICE 10-year timeshare plan offers holiday ownership in Durban's beachfront area for as little as R2,80 a person daily.

The developers have been able to keep prices low because after 10 years the building reverts to them. They view the timeshare scheme as an investment more than a long term profit-making venture.

"You cannot get a cheaper holiday than this," says developer Trevor Smith.

Prices range from R79 a week annually for a four-sleeper apartment in low season to R690 for a six-sleeper unit in high season.

Mr Smith believes that 10 years is a "logical period" for people to buy.

"In the present climate in this country, we do not know what lies ahead, so 10 years is a sensible, low-risk investment.

"It also spares buyers from worrying about refurbishments and resale because they pay only for the time they want. It is great for us because after 10 years we will have a prime building on the beachfront."

Levies have been kept to an average of R185 a week by rationalising facilities with a neighbouring block of holiday flats, also owned by the developers.

Mr Smith says initial public reaction to the scheme has been good, and 50 weeks of the 1 050 available have been sold.

Legal documentation, prepared for the scheme by attorneys, has been drafted to incorporate traditional timeshare features with new aspects.

"The bottom line is that a family can now afford a longer seaside holiday or a cheaper one," says Mr Smith.

Safren turns in a strong performance

(288)

Star 15/3/90

Finance Staff

After a strong performancie by hotel and entertainment subsidiary Kersaf, Safren lifted attributable earnings 19 percent to R118,4 million (R99,5 million) in the six months to December. This was equivalent to earnings per share of 203c (172c), enabling it to raise the interim dividend by 10c to 55c.

Turnover rose to R1,66 billion (R2,05 billion) and operating profits by 23,5 percent to R428 million (R346,5 million).

The directors say: "All divisions performed well and indications are that the satisfactory performance should continue in the current six months."

Kersaf, in particular, showed good results after Sun International's resorts reported improved occupancies of 74 percent compared with a national average of 65 percent.

Safmarine's earnings, however, were weakened by the firmer rand and the fall in imports, while the results of Rennies reflected generally weaker state of the economy.

Polana project just the first

BD 5/3/90

ZILLA EFRAT

A NEW company, with the Mozambican government and Karos Hotels as its largest shareholders, is to develop a chain of hotels in Mozambique.

The company, Hoteis Polana Lda, was formed last week to handle a R30m refurbishment of the Polana Hotel in Maputo. The contract to manage the hotel has been awarded to the Karos group, ahead of competition from other large overseas and SA hotel groups.

Karos joint MD Stan Hoffmann says investigations for the development of a second hotel in Mozambique are at a preliminary stage.

While the Mozambique government holds 45% in Hoteis Polana Lda, Karos has about 33% and private French and Mozambique investors the rest.

(288)

Hoffmann expects Mozambican tourism to take off slowly and be boosted by a settlement of the bush war. He says the number of business and diplomatic visitors to Maputo is rising.

His family and Mozambican partners owned the Polana before it was nationalised in 1975. The Mozambican government has now retained the property title to the hotel and has given the company a long lease.

After the refurbishment, which will take 12 to 16 months, the Polana will be a five-star hotel with 40 suites and 160 rooms of varying categories.

It is expected to have a turnover of R25m in the first year after renovations, and Karos will offer special packages to Maputo within nine months.

B/Day 6/3/90

Kersaf stake offshore is the wild card

BARRY SERGEANT (288)

SAFREN deputy CE and Kersaf executive chairman Buddy Hawton last night said Kersaf's stake in the offshore Royale Resorts was one of the more interesting points for JSE-watchers to ponder.

The JSE has accorded markedly different ratings for Safren, its 76% subsidiary Kersaf, and Safren 32% associate Sun International Bophuthatswana (Sunbop).

Hawton said the largest contributor to yesterday's Safren results, which showed earnings up 18% a share, was now Kersaf.

That contribution may be anywhere between 40% and 50%; the two other major contributors, shippers Safmarine and transport services group Rennies were hit by a stronger rand and falling import volumes — particluarly Safmarine.

Together, Safren, Kersaf and Sunbop have a significant market capitalisation based on last night's prices, of R7,4bn.

But with the immediate economic outlook clouded by political developments and the behaviour of the rand ever-unpredictable, the market is unsure about the relative ratings for Safren, Kersaf and Sunbop.

On yesterday's closing share prices, Kersaf was trading at 3,7 times net asset value, Sunbop 6,2 times and Safren just 2,9 times.

Sunbop, one of the most significant movers on the JSE in 1989 — tripling in price — fell to yesterday's 2 100c from last month's 2 800c high.

In the view of stockbrokers Max Pollock & Freemantle partner Chris Gilmour: "Kersaf offers the prospect of strong steady growth during the next few years.

"It is under-rated relative to Sunbop, and can be accumulated up to 3 000c," he says.

Sunbop has announced expansion at Sun City that will cost R1bn but absorb only R650m after the accrual of Bophuthatswana tax benefits.

But clearly the wild card in rating Safren, Kersaf and Sunbop is future developments at Royale, which will remain guesswork until an announcement on it.

The interim Kersaf balance sheet swelled its loans and investments by R161m to R520m, mainly says Hawton, as a result of Kersaf following its rights in a Royale rights issue that took place last year.

This leaves Royale sitting on a significant cash pile, waiting to make a significant acquisition.

Gilmour says: "We suggest switching to Kersaf from Sunbop, given the lower risk profile of Kersaf and the fact that Kersaf's rating is substantially lower than that of Sunbop."

Kersaf also has significant interests in Transun, which is due for significant expansion, and Interleisure, which is maintaining real growth.

Timeshare company finally wound up

Star 7/3/90 (288)

By Cathy Stagg

Summer Leisure International Ltd was finally wound up in the Rand Supreme Court yesterday.

The application was brought by Epsom Downs Properties (Pty) of Sandton who claimed R181 220 in respect of a four-year lease.

They had previously sued for R81 916 for rent from June to November last year and after a sale in execution of all the office furniture left at the building on the corner of Sloane Street and Nicol Highway, Bryanston, only R15 247 was raised.

The documents left there, belonging to the company which was a marketer and seller of timeshare units, have been placed in plastic bags and stored, according to papers in the court file.

The Government Gazette of January 12 this year appointed a business practices committee to investigate the business practice applied by Summer Leisure International Ltd and Mr L L Botes, Mr W L S Nosworthy, the Flexi Club Foundation and persons and agents under their control.

Various former employees of the company have contacted Epsom Downs Properties' attorney, Mr A Canny of Routlege-MacCallums, and said they were not paid their salaries. One woman, Mrs McLeenan, said she was owed R18 000 for five months' work.

On January 23, Mr L L Botes told Mr Canny that Summer Leisure was still waiting to receive an overseas investment, it was expected to arrive by the end of that week, and the company had agreed to discount its debtor book of about R15 million as security for the investment. Mr Justice J P Roux granted the final wind-up order.

as vehicles burn, buildings smoulder and signs litter the debris-filled stre
Bophuthatswana township.

Massive surge in SA unrest

Star 8/3/90

Crime Reporter

A massive surge in unrest hit many parts of South Africa yesterday.

South African Police reported 66 incidents of unrest countrywide — about 50 percent more than the previous day.

At least 46 people have died in unrest around the country since Friday and violence in many townships shows no signs of abating.

Scores have been injured, especially in Katlehong on the East Rand and Khutsong near Oberholzer in the western Transvaal.

SAP Public Relations chief Major-General Herman Stadler said the unrest, which had increased dramatically since the beginning of the month, was "worrying" but added the SAP was in full control.

He said unrest had stabilised in December, and then an upsurge was apparent in January, which again stabilised — only to increase markedly with ANC leader Mr Nelson Mandela's release.

It again stabilised but spiralled again at the beginning of March, said General Stadler.

Two Sun hotels closed

Star 8/3/90

288

Two of Sun International Bophuthatswana's hotels, the Marula Sun and the Amatola Sun, were effectively closed yesterday as a result of the unrest, Sun International chief executive Mr Ken Rosevear said today.

He said the Marula Sun would remain closed today as a second march was planned in Ga-Rankuwa. He said that that management had appealed to the local security forces for additional security at the hotels.

"So far, property has not been damaged, but naturally people are scared of travelling," Mr Rosevear said, adding that Sun City had not been affected. — Staff Reporter.

MOVING ON

288

FM 9/3/90

Southern Sun Timeshare (SST) has been restructured by chairman Brian Stocks who has separated the timesharing from the resort operations.

As a result, MD Gavin Michelmore decided, after amicable negotiations, to leave the company.

Stocks says: "The company's success and high profile owe much to Gavin's vision and entrepreneurial ability. He was successful in promoting the company locally and worldwide.

"In the new dispensation it was clear that Michelmore's position was no longer one where he could exploit his particular talents and abilities."

Michelmore was not dismissed, as the *FM* erroneously stated on February 23. We regret and apologise for any embarrassment our error may have caused, either to Michelmore or SST.

FINANCIAL MAIL MARCH 9 1990

S Times 11/3/90

ANC to look at the future of casinos in the new SA

THE ANC says the whole question of casino operations in the independent homelands is "one of the issues" that will have to be looked at in a future South Africa.

But ANC information officer Tom Sebina said the ANC had no official policy on the issue and that it would be "putting it too strongly" to say the ANC would review casino rights in the territories.

By DAVID JACKSON

The long-term future of Sun International's operations in the independent homelands has come into focus with the upsurge of unrest in the territories and the dip in Sunbop share prices on the Johannesburg Stock Exchange.

Mr Sebina, speaking from Lusaka, told the Sunday Times: "The general view is that these operations were set up for mercenary reasons and to satisfy the whims of the rich in South Africa who couldn't patronise casinos because they were prohibited in so-called white South Africa.

Sex

288

"In a normal, decent society there would be nothing wrong with them — but considering it from the present position, one would rather have seen them not exist.

"Another thing you must realise is that they were set up during the time when the Immorality Act and Mixed Marriages Act were in force and they provided a haven for whites seeking sex across the colour line.

"You also find that these casinos have been set up where despots rule, as is Transkei in the time of the Matanzimas, and the Ciskei and Venda.

Issues

"These despots are benefiting from these operations. Most of the time the ordinary black employees there are not being paid a decent salary and it would be a lie to say there is a spin-off from these operations for the ordinary black people in these areas.

"I reject the principle on which these casinos were created. We have no official policy at this stage, but it is one of the issues which will have to be looked at in the future."

The group financial director of Kersaf (the holding company of Sun International), Mr Alan van Biljon, speaking before Mr Sebina made his comments, said there had as yet been no contact with the ANC on the issue.

He said: "Regardless of which government happens to be in power in whatever country, we would want to continue trading. We are part of the business community. We are offering a service to clients and customers and we expect that to continue to feature obviously."

On the question of Sun's expansion plans in the national states, Mr Van Biljon said: "These plans are currently at the feasibility and planning stages. Obviously, before coming to a final decision the various boards will have to reconsider or at least look at the situation.

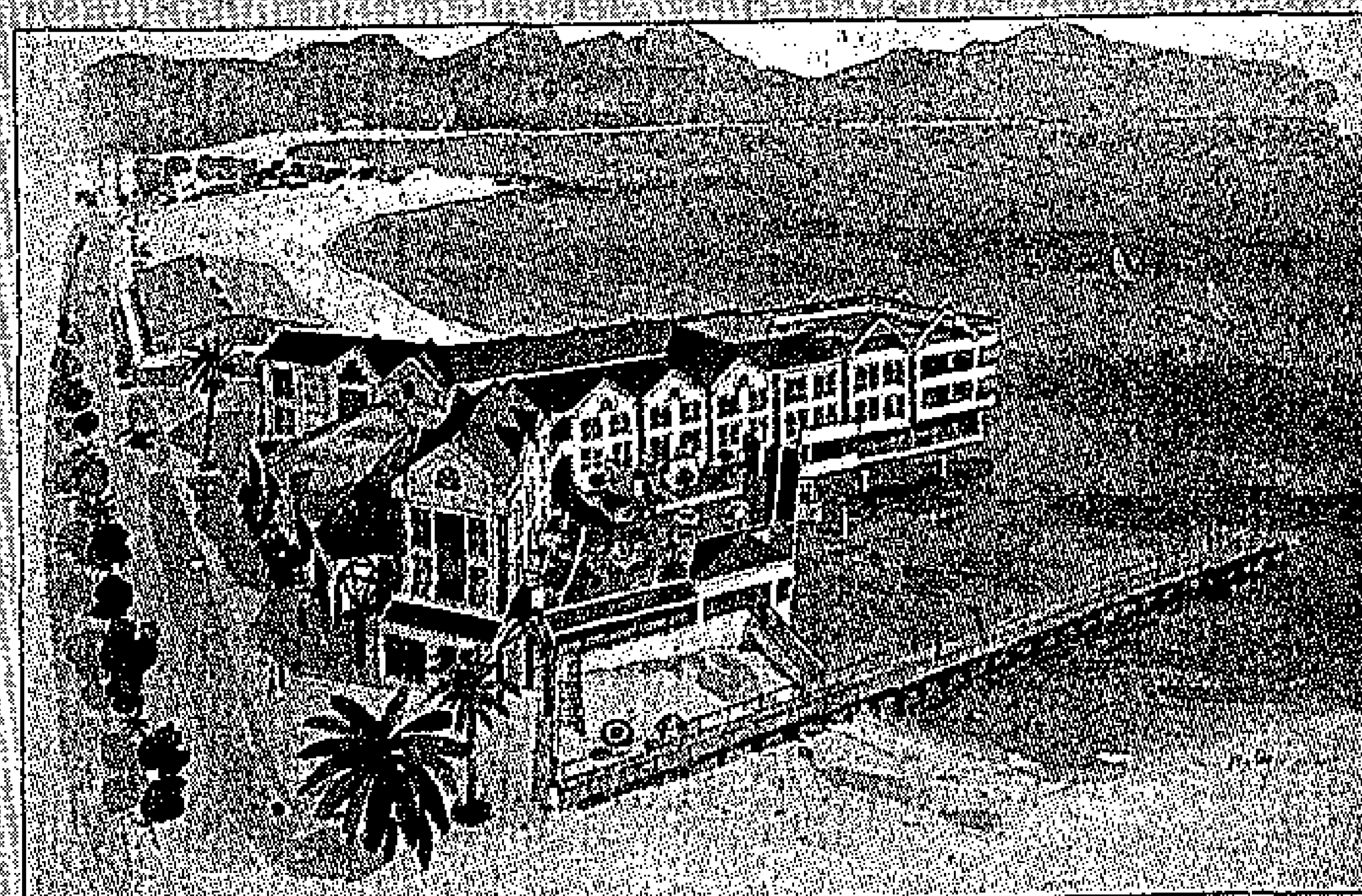
"But I don't think anything has happened to change our plans."

TIME FOR STRAND PAVILION (288)

FM 16/3/90

False Bay's first timeshare development will be the R30m *Strand Pavilion scheme* in the Strand. The complex, ready for occupation in December, has 44 suites ranging from three-bedroom penthouses to one-bedroom apartments. A feature will be a restaurant *extending 30 m out* into the sea. The developer is Dave Venter of AD Architects and finance has been provided by Alpha Bank. The project is 50% owned by Venter, with Alpha Bank and its subsidiary, Interplan, holding the balance.

Ovland Timesharing is doing the marketing. As of February 22, sales worth R5,3m had been concluded. A total of 456 unit weeks at an average price of R12 600/week, had been sold. A selling feature is that every suite has sea and mountain views. A high proportion of unit weeks have gone to local Strand residents (60% as at the end of January). Having the nod from the locals can't be bad.



Call to extend Business Watch

CAPE TIMES 17/3/90

288

A marked drop in daylight crime in Cape Town's CBD has been noted since the SAP's Business Watch came into operation. ROGER WILLIAMS reports that restaurateurs, worried about the safety of their patrons at night, want this service extended to other areas and after dark.

CAPE TOWN restaurant owners, determined to ensure that local patrons as well as tourists are safeguarded against muggings and assaults, are soon to form themselves into a guild of restaurateurs — with security as its top priority.

James Vivier, Cape Western regional director of Fedhasa, says 420 restaurateurs are being invited to a meeting on April 9 at the Granger Bay catering school, to establish a guild under Fedhasa's auspices, similar to guilds operating in Johannesburg and overseas.

"Then we would like to arrange a meeting with the SA Police and other authorities with a view to getting the existing Business Watch extended, to help make the city a safer place, around the clock.

"We want to ensure that our visitors as well as our local clientele can dine out without fear of being molested."

'Bobby'

A marked drop in the crime rate in central Cape Town has been noted by Cape Town Chamber of Commerce since it was instrumental in getting a special SAP "bobby on the beat" Business Watch established, last September. This unit has been operating successfully, with a three-to-four-minute response time, in daylight business hours in the CBD, between Riebeek Street and Wale Street.

Now, restaurateurs and hoteliers are wanting the Business Watch operation to be extended to the Foreshore area, after dark as well in daylight.

Albin Kilzer, proprietor of the Europa restaurant in Sea Point and consultant to the recently opened Waldorf restaurant on Thibault Square, says with restaurants functioning on and around the square, "there is an urgent need for security, particularly at night, in the lower CBD and Foreshore area.

"This area will be a vital link between the city and the redeveloped waterfront tourist area in Table Bay harbour."

Dependent

Michael Moore, chairman of the Cape Town Business Watch Liaison Committee, says: "We work closely with the SAP, who are well aware of the problem, but whose manpower resources are limited.

"We would like to see Business Watch extended, both in area and in hours, but we are wholly dependent on the police to bring this about."

Major Kevin Cooke, designated Business Watch police officer for the Cape Town district, says: "We started with 120 businesses in our Business Watch area, which have since doubled in number. We would like to extend our patrols to take in the entire CBD, but only if we can keep to the quick response times as undertaken."

SUN INTERNATIONAL AND THE HOMELANDS

Taking the risk

■ The group is pressing on with expansion, believing the troubles will pass

The palls of smoke over Ciskei and Bophuthatswana, as mobs embarked on an orgy of torching fixed assets, must certainly have made the management of Sunbop a little twitchy. Only a little over four weeks ago, with some fanfare, the company announced it would spend around R1bn on two new developments in the Bop homeland — a R650m hotel-cum-casino resort complex at Sun City and a R350m facility at Babelegi.

That's a lot of money to be laying out in these uncertain times. Some, who are perhaps a little more uncharitable, might even say it's pretty synonymous with the type of business they're really in — gambling.

Quite predictably, management at Sunbop is facing the events leading to last week's declaration of a state of emergency in the territory fairly stoically. To paraphrase Sun International CEO Ken Rosevear: "The board has approved the expansion plans and we are continuing with its detailed planning. The management is doing what it has been authorised to do."

Admirable fortitude but then Sunbop's a pretty gutsy operation. It didn't make a pile of cash, you can be sure, by turning the bushveld in Bophuthatswana into a green oasis without taking some pretty steep risks.

Kerzner and Rosevear ... stressing the need to build

Still, the threat of what some are suggesting is the disintegration of the homeland policy and their possible reincorporation into a unitary SA (with all the attendant implications that has for their exclusive gambling rights), must be more than a little troubling for Sunbop and immediate parent Sun International.

Leaving aside the latest disturbances in Bop, there were plenty of investors who believed the legendary Bophuthatswana sun had finally got to new Sunbop chairman Sol Kerzner when he unveiled plans for a R650m palace in the jungle. Though the market had been expecting an announcement for some time, the sheer Disneyland scale of Kerzner's proposals had people suggesting he had acute sunstroke.

In reality, what is proposed is that Sunbop should hike its asset base from about R700m now to R1,7bn over the next three years. That's a major undertaking for any company — even a high-flier like Sunbop — and one bound to place its own strains on the company's ability to turn in consistently solid earnings while it channels funds and resources into its expansion programme.

Current investor uncertainty over what the future really holds for Sunbop is reflected in the share price. It's been gyrating wildly of late — first upwards on rumours that the irrepressible Kerzner was about to stage a comeback (in this respect, at least, the market's information was accurate). Then it went down on the news that Sun International MD Ian Heron and Kersaf chairman Dick Goss were leaving the group after irreconciliable differences with Sunbop's principal shareholders (for which, read the Bophuthatswana government). And finally up again after the announcement of Sunbop's lavish expansion plans and the return of the doyen of hotel managers Ken Rosevear to the hot seat in Sun International.

Having the stewardship of the holding company in such safe and experienced hands, coupled with Sol Kerzner's drive, energy and vision masterminding Sunbop's new development programme — the entity which remains the group's single biggest cash cow — clearly gives stockholders a warm feeling.

It's come off a bit lately but at 18 Sunbop's p:e is one of the highest in the hotel sector. Earnings over the past 10 years have been impressive. They've consistently outperformed inflation.

Says one market analyst: "The Sunbop share price has always been a bit fluffy. If it got any fluffier I'd be worried. But as things stand, I think the share price can be justified."

Nagging doubts are beginning to emerge, however, over whether Sunbop can sustain its blue-chip performance. The Sun City complex already pulls 2m day visitors and 500 000 hotel guests a year. In spite of a host of new, peripheral casino developments in Bophuthatswana (there are now nine gaming resorts in the territory), the slot machines at Sun City continue to jangle and the gambling market shows no sign of saturation.

What investors who have persisted in bidding up the share are now asking themselves is: How long can the bonanza last? Is there not a ceiling to the gaming market and can the management justify spending R1bn on additional infrastructure in a national state outside SA, in effect doubling its assets, in these times of political and economic turmoil?

At the forefront of their minds is yet another *what if*: What if an ANC government (or any government) legalised gambling in SA? Where would that leave the magnificent infrastructure in place at Sun City?

Doomsayers are always in evidence where Sun International is concerned. When Sun City opened its doors 10 years ago there were plenty of commentators who said it wouldn't work, that returns wouldn't justify the significant investment involved and that it wouldn't pull people in sufficient quantity to make the gaming payable. Kerzner proved them wrong.

Rosevear notes wryly that the cynics remain unconvinced. But he forcibly debunks his critics, pointing out Sun City is already running close to full capacity. The planned expansion, he insists, is a necessity, not an extravagance.

Group hotel occupancies are now running at about 82% but occupancy at the Sun City complex for the six months to December was closer to 86%. At certain peak times, he notes — like weekends and the days either side — the hotels are virtually 100% full and people have to be turned away. "We have an average of 2 000 declines a week on our hotel accommodation," he says. The complex feels the strain particularly when large groups of overseas visitors seek accommodation around peak periods. Turning the business away hurts. Conference facilities and the golf course are also heavily patronised.

"There's a demand that we can't serve and there's no question that we have to build," says Rosevear. "The question is: Do we have to spend R650m?"

The answer, he suggests, is a resounding

"Yes." Rosevear notes the Sun City complex is a decade old and there has been no new development on the site since the Cascades and Superbowl were completed five years ago.

"We have to do something really exciting and on an imaginative scale in order to ensure that the people keep coming back," he says.

From an accounting perspective there are compelling motives for development, too. Bophuthatswana's attractive tax allowances provide for 120% of the total development cost to be written off over five years. Write-offs include a 20% investment allowance in year one, coupled with what amounts to a 20% wear-and-tear allowance over the first five years. Taken in conjunction with Bop's generally favourable tax rate (40%), the upshot, says Rosevear, is that "half the development cost is paid through taxes."

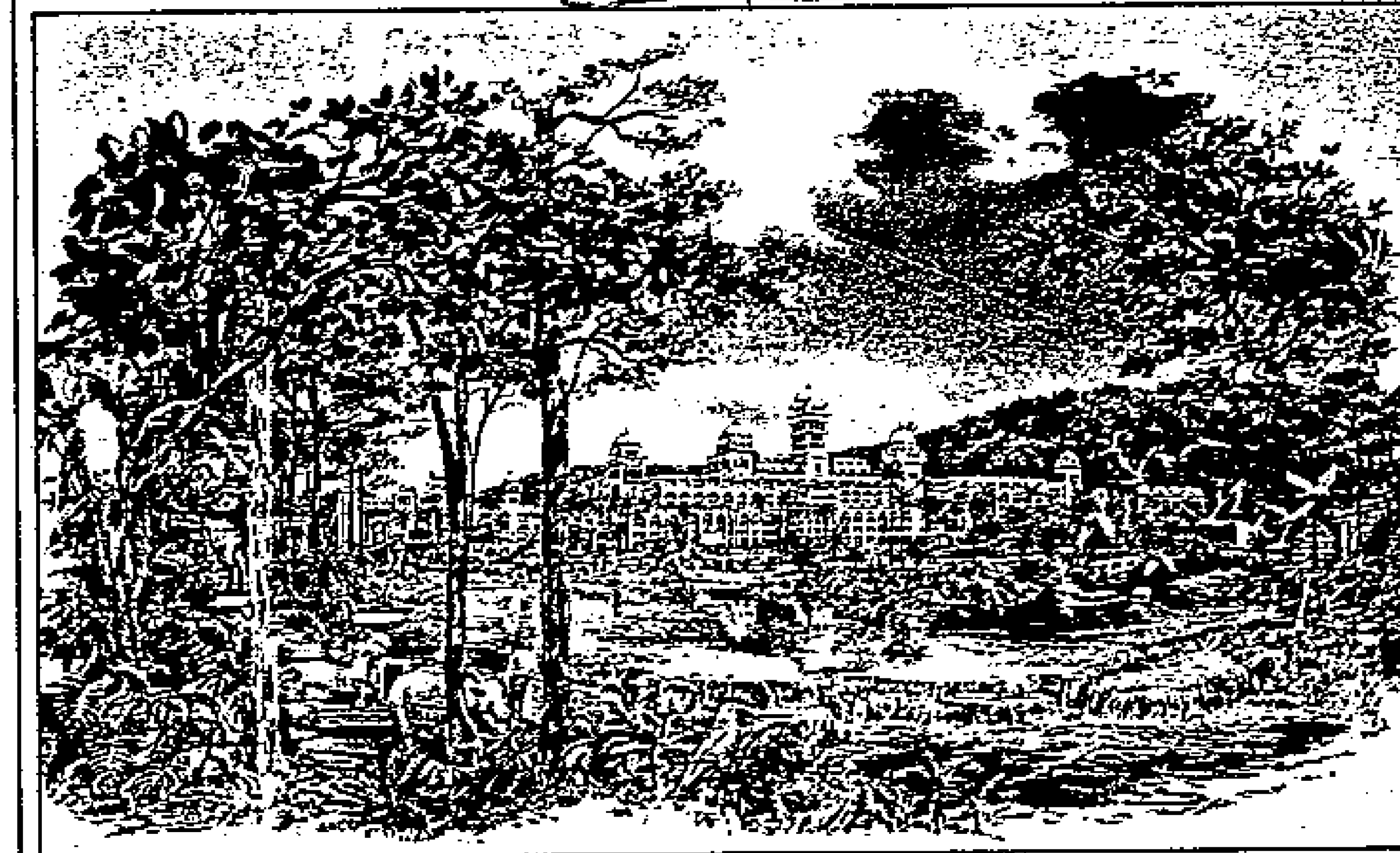
The problem is, the way the Bop tax system is structured, the benefits are payable only from the time the development is completed; which, even if a start were made in May as planned, is at least three years away. That means the company has to take it on the chin while it channels resources and its R300m-odd in cash reserves into expansion. In addition, there may have to be a rights issue to raise the balance of the required capital.

Says Rosevear: "There's no question that the loss of interest received and the timing of any rights issue will have an effect on earnings in the short term. Management's challenge is to ensure that earnings rise at an acceptable level in the interim."

That's not going to be easy. Gambling might be a solid business to be in but it's not entirely recession proof. High interest rates, widespread social unrest, recessionary conditions in the economy and trade union demands are collectively making trading conditions for Sun International's operations far more difficult.

Rosevear is the first to admit that Sunbop is not likely to see the kind of compound earnings growth it has had — at least not in the short term.

He does go on to assert that if Sunbop earnings keep ahead of inflation over the next five years, given the new operating



Adding on to Sun City (architect's plan) ... keep coming back

conditions, that in itself would be a creditable performance from management.

JSE analysts reckon he's being conservative. They say, considering Sunbop's earnings record through some difficult years in the early Eighties, a 25% compound earnings growth is quite achievable.

Sunbop does have some plans which will help ameliorate the effects of its R1bn development programme. One is that it would like to talk the Bop government into allowing some form of phase-in of its tax allowances throughout the development period, as is commonly done in the capital-intensive mining industry. If it can pull that one off, it will certainly help the bottom line.

However, Rosevear insists he'd be happy to see earnings show real growth over inflation.

That appears to be a more realistic assessment — even if it's one that won't unduly please investors.

Collectively, Sun International is not without its problems. Unrest and the deteriorating security situation in the homelands could well affect patronage at its resorts this year. The group has already lost one, small operation in the Ciskei: the Mdantsane hotel was burnt down in the aftermath of the coup. The Comoros operations are not yet contributing positively to profits and one hotel on the islands has been closed and the fate of the other remains in the balance.

Moreover, Transun might have won something of a Pyrrhic victory in the courts over gaming rights in Transkei. Limited exclusivity granted to it for the Wild Coast Sun and northern regions for the next eight years might sound comforting but it's not entirely first prize — especially considering Transkei government's levy on the gambling take was raised to 7,5% and will reach 10% in the next few years.

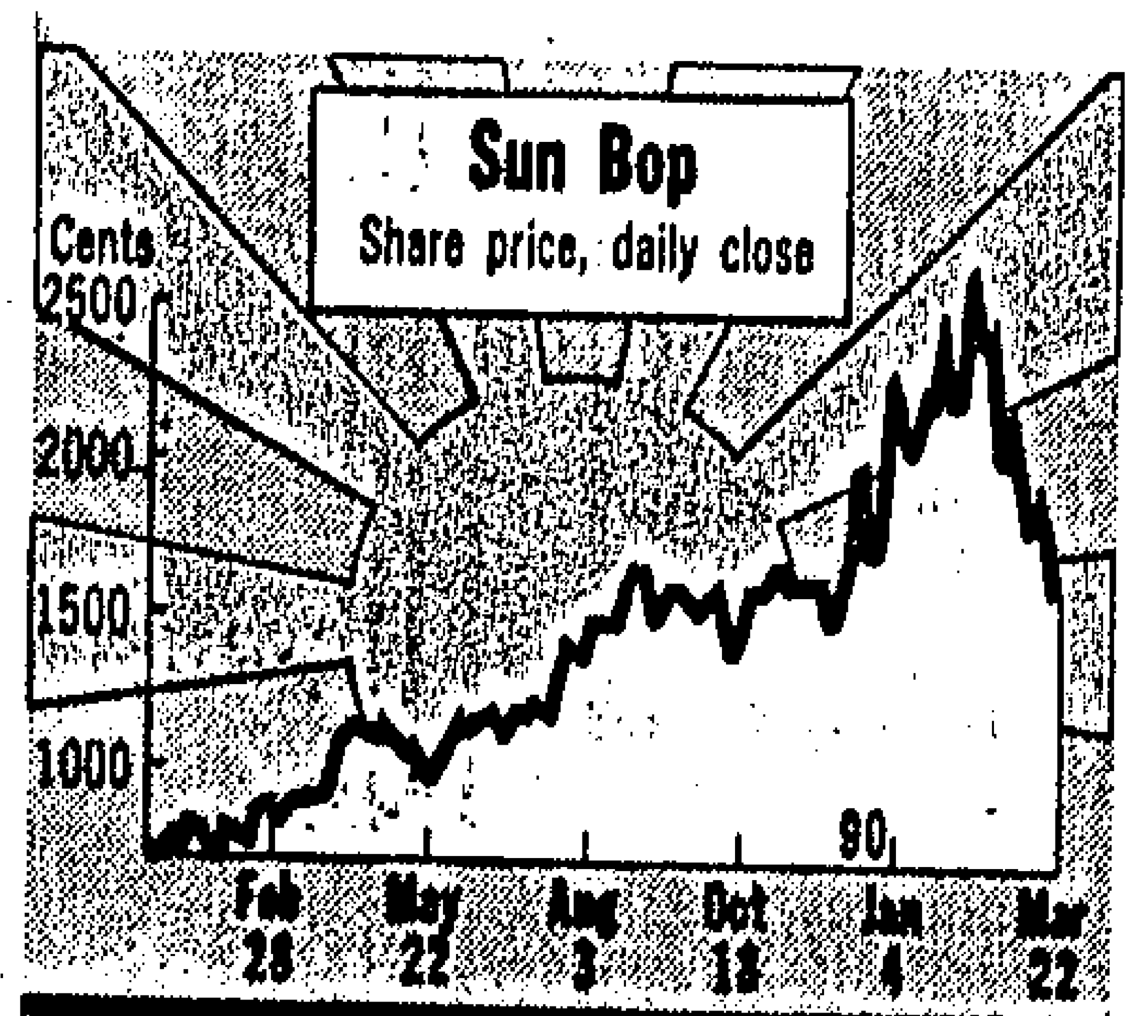
In addition, Sunbop chairman Kerzner might yet be brought to face charges in the territory for his involvement in the R2m bribe paid to former Chief Minister George Matanzima.

The big imponderable is: What, if any, is the future of gambling in the national states? At this stage it seems secure enough but it's not entirely out of the question that the exclusivity they enjoy could be threatened by future constitutional developments in SA.

It's a matter of grave import and will have far-reaching ramifications for the group.

Rosevear, however, remains sanguine: "We've invested a lot of money in our resorts. They employ a lot of people and generate a lot of foreign exchange. I'd like to think that that would be taken into account in any future negotiations."

In a rational world, this would certainly be the case. *Graham Fiford*



Graphic: FIONA KRISCH : Source: JSE

BDay 23/3/90

Sun Bop shares keep dropping

ANDREW GILL 288

SUN BOP and related Sun International shares continued to plummet yesterday as investors apparently began "disinvesting" from the volatile and often unpredictable homelands.

The shares' fall from grace appears to be a result of uncertainty over the unrest situation in the homelands and the question of re-incorporation.

Sun Bop dropped 11,1% or 200c yesterday to 1 600 in relatively thin trading. It has dropped dropped 1 200c — over 40% — since its February 12 high of 2 800c.

Transun also continued its downward trend yesterday dropping 20c to 270c.

Kersaf dropped 50c to 2 300c, 400c down from its February 8 high of 2 700c. The only company in the group network to make any gains was Safren, firming 25c to 4 400c.

Market sentiment over the past few days has been to move away from Sun Bop and Transun into the more diversified Kersaf and Safren.

Yabeng, a major Sun Bop investor, dropped 14% or 40c to 250c.

Sun International CE Ken Rosevear said the group had obviously been affected by the unrest in the homelands, but things were returning to normal.

Occupancy rates in Sun Bop's hotels for the 20 days up to March 20 were 82%.

All hotels are now open, except for the Mdantsane Hotel which was burnt down during the Ciskei coup. Transun occupancy rates have fallen 7% in March from from last years 86% but Rosevear pointed out this was above normal industry levels.

He said their planned R1bn development at Sun City and Babalegi was on schedule.

"There will obviously be ups and downs in the future, but the investment is a long-term one," he said.

Last year Sun Bop made the largest price gain on the market over the year, over 220%.

FM 23/3/90

FLEXI CLUB (288)

Probe continues

The probe into the accounts of the controversial Flexi Club Foundation timeshare operation continues. The investigation was launched at the end of last year by the Business Practices Committee.

This is in spite of the liquidation of its sister company, Summer Leisure International, in the Rand Supreme Court two weeks ago.

Though the foundation itself was not part of the liquidation, it is not clear how the company will continue operating — or whether it intends doing so. It shared Summer Leisure's Sandton offices and telephones. Last week, company officials could not be contacted.

The liquidation proceedings, latest in a series of legal moves against the cash-strapped timeshare operation, were brought by Epsom Downs Properties, owner of the Sandton offices, which is apparently owed R181 220 on the four-year lease.

Liquidators for Summer Leisure should be appointed this week. The basis of the Flexi Club/Summer Leisure operation was the substitution of specific timeshare for "points" aimed at allowing participants a choice of holiday destinations.

Louise Tager, head of the committee which began investigating Flexi Clubs accounts at the end of last year (*Property* November 24), says the probe will run its course and a final report will be handed to Trade & Industry Minister Kent Durr. She says an auditor is examining Flexi Club's investments.

She adds that her report will identify the foundation's problems. It will also comment on whether the "unusual legal mechanism of a foundation," as opposed to a company or close corporation, is appropriate for holding interest and investments. ■

Lanzerac Hotel gets R25million facelift

w/l.b. AK64J 24/3/90 288

By MAGGIE ROWLEY
Business Staff

A TOTAL of R25million is being spent on upgrading and extending Stellenbosch's Lanzerac Hotel into a five-star establishment.

The project, which includes the construction of an additional 80 bedrooms and a conference centre to accommodate 150 people, is scheduled for completion at the end of next year.

Work began last August and so far R8million has been spent on updating the sewerage and electricity system, cobble ring roads, refurbishing six existing bedrooms, the main diningroom and reception area and two lounges. A separate student's bar and beer garden with its own swimming pool area, a new wine cellar, seafood restaurant, cheese lunch complex and an outdoor Gazebo have also been built.

Health centre

The new bedrooms will be built alongside the river on the 300-year-old estate and are expected to be completed by September. The existing 40 bedrooms will be refurnished with antiques.

Also to be built are tennis courts, squash courts, a wine cellar, a health centre and gymnasium.

The existing hotel, which has a three-star rating, accommodates 100 guests. By 1991 it will be able to sleep 260.

Purchased last year by Johannesburg businessman, Mr Attie Botha, the hotel is also offering fixed accommodation on a timeshare basis. The Lanzerac Estate Connoisseur Club has been formed and the cost of membership entitles patrons to a week's holiday a year for a 10-year period in one of the restored old suites and a number of other benefits.

Membership will also provide clientele access to very rare wines no longer available to the public as well as an opportunity to store selected wines at a private Vinoteque.

The renovation project is being done under the supervision of the Historial Society of Stellenbosch to ensure the hotel remains an historical monument.

288

Timeshare cleans its image

By Charmain Naidoo

TIMESHARE is cleaning up its holiday flat.

The SA Property Owners Association has launched a campaign to correct misconceptions about the industry, and one of the crucial areas being tackled says Peter Erasmus, consultant to the timeshare division of SAPOA, is to clear up the confusion about timeshare and investment.

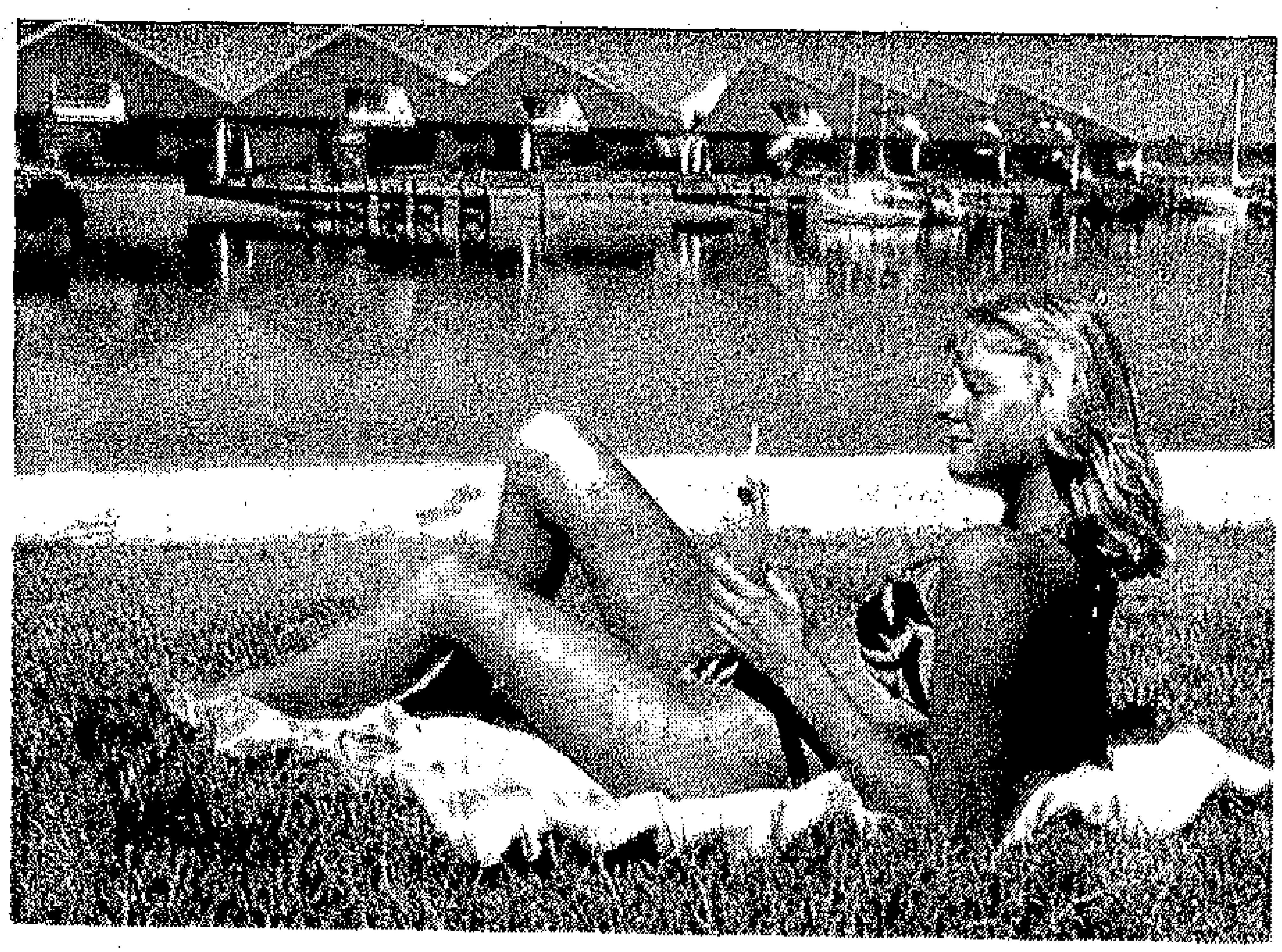
The words timeshare and investment are not meant to go together he says.

In fact, SAPOA strongly forbids member developers from selling timeshare as an investment for resale.

As a control measure, several safeguards have been introduced:

- Stringent examinations for timeshare salespeople so that misrepresentation is reduced to a minimum;
- A register of salespeople who sell timeshare for brokers and developers;
- A disciplinary code of ethics — SAPOA can impose compensatory fines.

"It works on the same principles that apply to estate agents. But we won't be bound by the Estate Agents Act.



Port Owen, the timeshare yachting mecca on the Cape West Coast

Certainty

"We'll be more flexible — but still have the necessary authority to discipline sales people who misrepresent the industry," Mr Erasmus says.

He adds that timeshare, rather than being bought for investment purposes, should be acquired to provide fixed-cost holidays for people who would otherwise not be able to afford them.

"That doesn't necessarily mean that some units have not appreciated in value, thereby providing a good return on investment.

"But in the main they provide the certainty of holiday accommodation in the most cost efficient way."

One criticism levelled at the timeshare industry is that once all the timeshare units have been sold, developers abandon the project, leaving a management company to take over. Standards, owners complain, often drop.

Said a chartered accountant who may not be named for professional reasons: "When all units have been sold, vast amounts of money are made by the developers.

"For example a 200-room 'hotel', selling units at an average price of R3 000 has the potential to rake in R31-million.

"In most cases, depending on start-up costs, many times the intrinsic value of the building is realised.

"Earning good healthy profits is what good business is all about. My concern is that the standards paid for initially are seldom maintained.

Levies

"When talking about maintaining standards, that's where the levy comes in. Much negative publicity has been given to levies charged.

"If you were to ask a home-owner how much money he spent on general repairs and maintenance to his home in one year, he probably wouldn't be able to put a figure on it.

"The problem with the levy is that it is quantified in a single figure which often gives people a shock because they are seeing everything added up at once."

Timeshare experts say one of the most critical aspects of purchase is the management company.

Buyers should satisfy themselves that the managers really know how to run a resort and that they charge reasonably for their services. Management companies should be bound by tight contracts that prevent outright rape. Buyers are usually at a huge disadvantage to management companies because residents' committees are usually weak and ineffectual.

With very few exceptions (such as in hotel-type situations where there are concomitant labour-related problems), the levy increases across the board are between 15% and 16% a year.

Problems

There are 92 000 timeshare owners in SA and last year, Sapoa had a total of 54 complaints.

"Proportionately that's not very high. Out of 130 timeshare developments, only two have gone under.

"There is a lot of good news for timesharing. It's young, and of course there are teething problems. We advise potential owners to buy from SAPOA-endorsed projects so we can investigate any complaints."

Resale

SAPOA is on the threshold of offering fidelity insurance in the form of a policy which guarantees a money back security if the developers go under.

Mr Erasmus agrees that resale of some timeshare units is difficult "because owners are in competition with new developments".

SAPOA does everything it can to help the resale division, he says, and adds: "We have a very good resale market in SA."

per annum after only two months in the opthalmic optical industries. These figures changed by 131,4 and 112,5 respectively. The lowest real change and real change per annum were experienced by watchmen in the sweets industry in E. Londen - the change of -7,9 and -13,2 respectively.

Reds to dominate Nederburg auction

288

ACHMED KARIEM

AN assortment of vintage red Cape wines will be featured when hoteliers, restauranteus and liquor retailers assemble in Paarl for the 16th annual Nederburg auction on Saturday.

Only 7 992 cases will be on offer, which is down from 1989 when 215 of more than 11 000 cases went unsold.

Wine from 26 producers — 64 red and 27 white wines — will come under the hammer of auctioneer Patrick Grubb, who has knocked down wines to the value of R12,3m since the inception of the auction.

"The quality and scarcity of these wines need no exaggeration: they are among the finest reds ever produced in the Cape and they may not be available for much longer," said auction organiser Bennie Howard.

Nederburg has 16 reds and whites for the leading event on the SA wine calendar, including classics like the 1979 and 1973 Nederburg Cabernet Sauvignon.

Stellenbosch Farmers' Winery is offering 23 wines for the sale, many available only in limited quantities. The rare vintages include a 1967 Chateau Libertas and a 1965 and 1967 Lanzerac Pinotage. Bday 28/3/90

Restaurateurs can offer all these wines to diners without maturation, since they are drinkable now.

The significantly reduced quantity on offer could increase competition in the bidding, resulting in better prices for producers.

Govt accepts Sabta proposal on taxis

THEO RAWANA

GOVERNMENT has approved black taxi organisation Sabta's proposal that acceptance of new entrants into the industry should be shelved until pirate taxis had been legalised, Sabta public affairs spokesman Mike Ntlatleng said yesterday.

Ntlatleng said a delegation of the taxi association met Transport Minister George Bartlett in Cape Town early this month to discuss the taxi industry.

Sabta gained a say in the running of the taxi industry last June when former Transport Minister Eli Louw approved recommendations of a committee comprising Department of Transport and Sabta representatives. Bday 28/3/90

Sabta's main recommendation opposed the White Paper on Transport Policy, which proposed complete deregulation of all taxis with capacities of up to 16 people, demanding only that vehicles be roadworthy and driven by qualified, insured drivers.

Sabta, fearing that complete deregulation would legalise thousands of illegal taxis and that whites would muscle in on black business, proposed that deregulation be phased in over three years and with Sabta's input.

Ntlatleng said yesterday: "Consensus was reached that the taxi industry is fast reaching saturation point and that a method should be considered to control the number of new entrants."

It was agreed the task of legalising existing "pirates" would be tackled first. This would be done by a national taxi association in conjunction with the department.

STAR 29/3/90

288

14 hotels are upgraded

Pretoria Bureau

Fourteen South African hotels have been upgraded, the South African Tourism Board has announced.

Another 13 have recently been graded and two have lost a star.

The country's newest four-star hotel is the Drakensberg Sun, while the Hulala Lakeside Lodge at White River, has won three-star rating.

Also given three stars are the Stellenbosch, Upington Protea Inn and Drakensberg Garden hotels — previously two-star establishments.

Hotels which have been upgraded from one star to three stars are the Valley Lodge, at Magaliesburg, and The Don Hotel, Cape Town.

Hotels that have lost a star are the Claridges (previously three-star), in Cape Town, and the Diplomat, Johannesburg, down from two stars to one.

(288)

PROTEA'S MILESTONE

FM 30/3/90

With the recent addition of another six hotels to the 54 it already manages, Protea Hotels — more correctly, the Protea Hospitality Corp — has become the biggest hotel group in SA. It also has hit the target of 60 set by Otto Stehlik when he founded the group in August 1984.

Next biggest is the Southern Sun group, which owns and manages 34 Southern Sun hotels and 23 Holiday Inns. There are 1 305 hotels in SA, as of the end of 1988, so between them the two chains own or manage about 9% of the country's hotels.

Protea's six new acquisitions are two three-star hotels, the Marine Protea in Port Elizabeth, being refurbished at a cost of R6m, and the Tulbach in Cape Town; three two-star hotels, the Salt Rock and the Stilwater in Natal, and the Country Inn in the Cape; and the Club Mykenos resort at Langebaan in the Cape.

Stehlik thought 60 hotels was about as many as the group could handle. But MD Arthur Gillis now feels it can manage another 15 quite comfortably. With those, he'll be able to weed out the ones that aren't meeting expectations or not complying with Protea's standards.

Trying to forget Christmas '89

288

FM 30/3/90

Durban's tourism industry, harmed by reports of incidents on the beach during the high season, is working intensely to re-establish the city's reputation as the country's premier holiday resort.

Part of the campaign is a concerted effort to create the illusion that the beachfront incidents were just a flash in the pan and had no effect on the average beach-goer. In addition, the industry is making a concentrated effort to maintain the number of visitors to the city by stepping up promotion of the off-season.

Jan Venter, chairman of Durban's management committee, claims the situation on Durban's beaches over the festive season was "grossly misrepresented." He maintains that fewer people thronged the beaches than in previous high seasons.

They came in appreciable numbers on five days only, December 16, Christmas Day, Boxing Day, New Year's Day and January 2, he says. "They were not only exceptionally well behaved under the circumstances, there was also a unique spirit of goodwill among them."

So what went wrong? Venter blames the press. "It is a fact that there were large crowds on beaches throughout the country, not just in Durban. I can only imagine Durban was singled out by the media because, for the first time, all our beaches were opened to all races."

The reports of disturbances were many — people fighting in the paddling pools, defecating on the beaches, wrenching seats off loos and threatening the police with violence if they intervened.

Venter acknowledges, however, "there were a few teething problems that have to be sorted out." The council is starting an education programme "aimed at people for whom visiting a beach is a totally new experience, explaining the use of facilities, codes of behaviour and what is expected of them in terms of Durban's by-laws and seashore regulations."

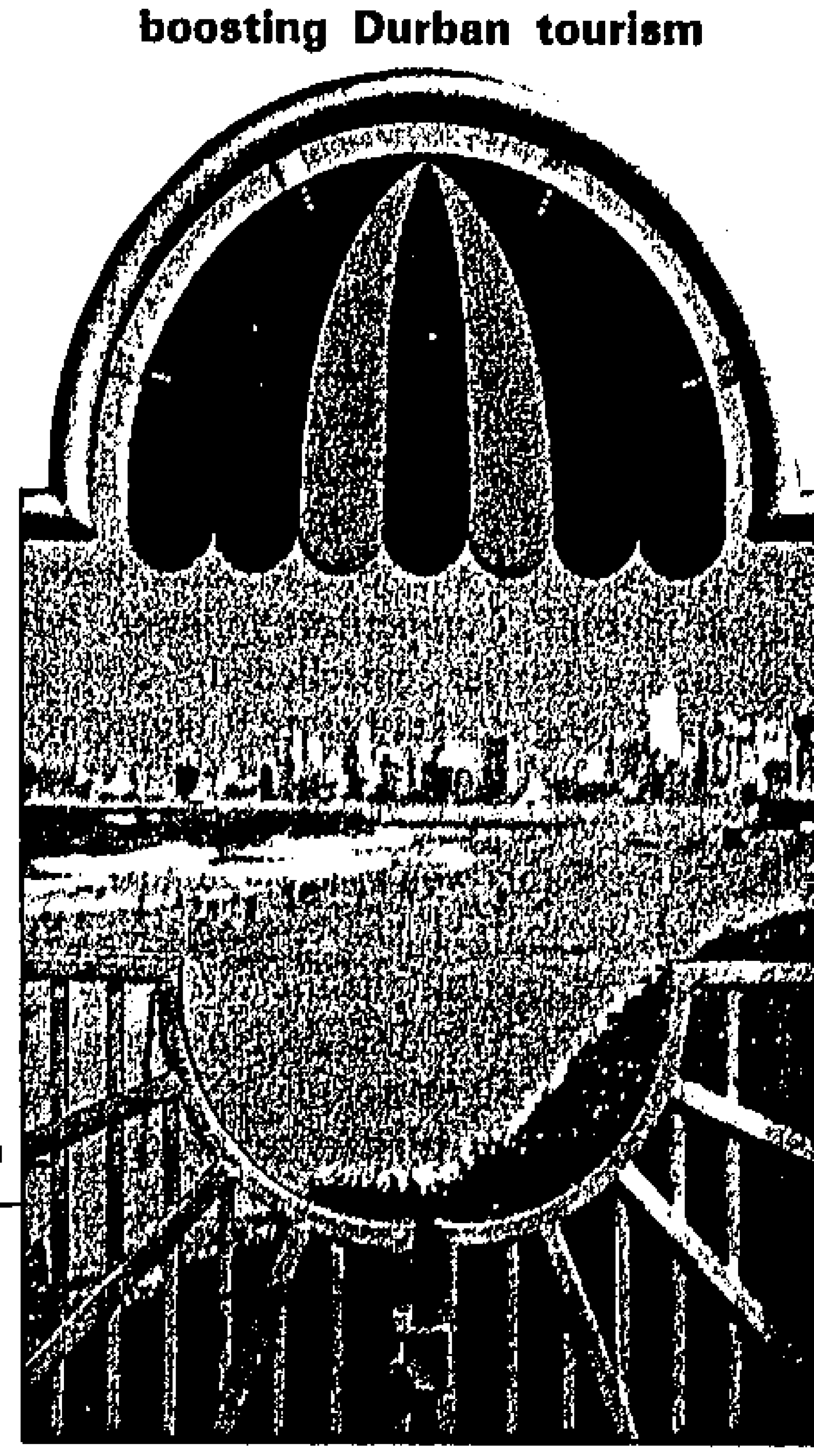
Bruno Corte, chairman of the Southern Sun and Holiday Inn group, is more pragmatic. The problem, he asserts, was that the beaches were opened to all very late "and the guys didn't have enough time to get properly organised." He says the city will doubtless be better organised this year, but concedes "it will be more difficult to market Durban this year than it was before."

Certainly, many in the industry are worried. They know they are winning support from moneyed blacks, but fear free-spending whites, who normally flock to Durban at Christmas, will not return after last season's incidents. So the marketing emphasis is being subtly shifted to the off-season, when the beaches don't usually suffer from a mass invasion and hotels offer discount packages.

The Southern Sun hotel group may begin offering a train-hotel package for Durban in June (*Business* March 23). It will operate along the same lines as the highly successful air-hotel plan, but will be cheaper.

Alan Gooderson, the Durban chairman of the Federated Hotel, Liquor & Catering Association of SA, says there may be a push to get the Sunday Observance Act repealed. If it cannot be done nationally, an attempt will be made to free Durban and the vicinity from its restrictions. "Being able to open our pubs on Sundays will make the city more of a fun place than it is and will allow us to make some money," Gooderson says.

The low season is the key to boosting Durban tourism



There are also plans to institute daylight saving by advancing Durban time by an hour in the summer. Gooderson says this will add an hour a day to every visitor's holiday.

Hoteliers are homing in on white visitors, not for any racial reasons, but because they spend more than black visitors on food and beverages, in and out of their hotels. Black visitors are inclined to eat only the meals included in their hotel packages and buy food for other meals from supermarkets, hoteliers say.

Southern Sun's Lynette Botterill says 58% of its guests between December 16 and January 7 were blacks. "The fall-off in food and beverage takings certainly surprised us. It was completely against the trend established down the years of families taking snacks and meals, other than breakfast, in their hotels."

The city may be trying to woo back whites, but it certainly isn't turning its nose up at blacks. Gooderson says "middle-class blacks are excellent clients and they have lots of disposable income." More than 40% of the rooms in all beachfront hotels were let to blacks over Christmas.

Durban's increasing popularity with blacks is underscored by the support for Trains 2000, Spoornet's packaged tours to Durban. "The actions of the crowds had no effect on their popularity," says Spoornet's Douglas Mlambo.

Clearly, Durban would be in trouble without black holidaymakers. It will need them to counter the threat its traditional rival, Cape Town, will pose this year, when Captour launches its Green Season campaign to market the Mother City's off-season attractions (*Business* December 8). The Protea Hotel group is throwing its weight behind the campaign with a heavily discounted air-hotel plan aimed at the PWV that will surely siphon off some of Durban's traffic.

David Pincus

are liable to a prison sentence of one- thought of military service, he said, ...with the seven objector trials which are pending."

Longman appeal dismissed

B/Day 2/4/90

BLOEMFONTEIN — The Bloemfontein Appeal Court on Friday dismissed, with costs, an appeal by Longman Distillers Ltd of Edinburgh, Scotland against a judgment in favour of the Drop Inn group of liquor supermarkets.

On May 19, 1988, Mr Justice G Friedman in the Cape Supreme Court ordered the Deputy Sheriff to attach, to found and confirm jurisdiction, all Longman's right, title and interest in an order for costs against Drop Inn.

He granted Drop Inn leave to sue Longman by edictal citation for R127 271 damages that had occurred in the course of the companies' business dealings. (288)

On Friday, Mr Justice Nicholas (acting judge of appeal) held that the essential fact was that Longman became possessed of property attachable within the area of jurisdiction of the Cape Supreme Court.

The Chief Justice Mr Justice Corbett, Mr Justice Grosskopf, Mr Justice Kumleben and Mr Justice Goldstone (acting judge of appeal) concurred. — Sapa.

NATAL UNREST DEATHS

September 1987 — January 1989:	668
February 1989 — March 29 1990:	778
Past 72 hours' official toll:	35
TOTAL:	1 481

CE defends job change

B/Day 2/4/90 GERALD REILLY

PRETORIA — Bankorp's new CE Piet Liebenberg said here at the weekend his move from one employer to another, although they were in direct competition, was not ethically wrong.

Liebenberg, who resigned as Nedcor CE last month to join Bankorp, said his conscience was clear — a door had closed and another had opened.

Speaking on Ethics in the Business World at Pretoria University, he said he was satisfied his decision would, in the long term, serve the best interests of all parties.

He said he had a responsibility to protect his career and fully develop his talents. What might well have been wrong was, for example, if he had carried confidential and sensitive information to his new employer.

He said there were some questions arising from his resignation (from Nedcor) and he had used it as an example because it showed some of the the problems with which business leaders had to contend when they had to decide what was right and what was wrong.

It was often not a simple process, he said.

Liebenberg added good business ethics were undoubtedly important and management had a responsibility to further the ideal.

therefore, not have to go back to jail. ... months) was a su...
In terms of the Defence Act those ... itself.
who refuse to do service in the SADF ... No matter ho...
are liable to a prison sentence of one- ... thought of milita...

Longman appeal dismissed

Bld Day 2/4/90

BLOEMFONTEIN — The Bloemfontein Appeal Court on Friday dismissed, with costs, an appeal by Longman Distillers Ltd of Edinburgh, Scotland against a judgment in favour of the Drop Inn group of liquor supermarkets.

On May 19, 1988, Mr Justice G Friedman in the Cape Supreme Court ordered the Deputy Sheriff to attach, to found and confirm jurisdiction, all Longman's right, title and interest in an order for costs against Drop Inn.

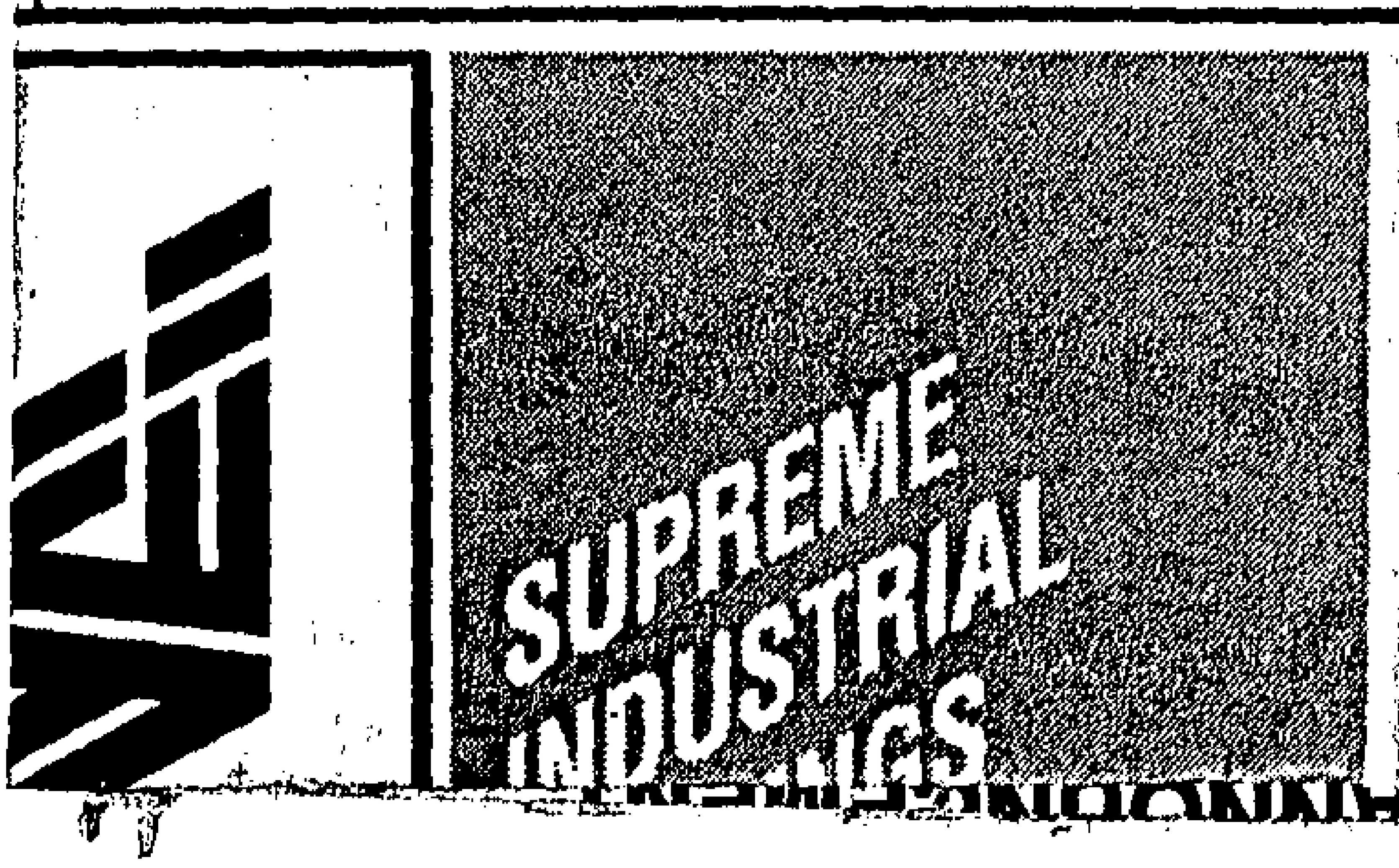
He granted Drop Inn leave to sue Longman by edictal citation for R127 271 damages that had occurred in the course of the companies' business dealings. 288

On Friday, Mr Justice Nicholas (acting judge of appeal) held that the essential fact was that Longman became possessed of property attachable within the area of jurisdiction of the Cape Supreme Court.

The Chief Justice Mr Justice Corbett, Mr Justice Grosskopf, Mr Justice Kumleben and Mr Justice Goldstone (acting judge of appeal) concurred. — Sapa.

NATAL UNREST DEATHS

September 1987 — January 1989:	668
February 1989 — March 29 1990:	778
Past 72 hours' official toll:	35
TOTAL:	1 481



Relief greets new Liquor Act

(3/90) BRENT MELVILLE (288)

THE promulgation of the new Liquor Act will substantially deregulate an industry long frustrated by outdated and cumbersome red tape, Fedhasa executive director Fred Thermann said yesterday.

He said that though Fedhasa was very pleased that the new simplified regulations had finally been brought into force, it had taken six year of intense lobbying to change the Act, published as Act No 27 early last year. BDay 3/4/90

Thermann said the Act went a long way to deregulating applications for licences in that application could now be made on a daily basis. "Applications will now be reviewed on a day-to-day basis following inspection, as opposed to the previous situation where the applicant would be forced to wait for up to a year for the licence to be reviewed."

Other important ramifications included the extension of hours of sale in restaurants and hotels from 10am to 2am the following day, even on closed days (for example Sundays). Hours of sale for liquor stores, though unchanged, can be extended on application and with the approval of the town clerk.

"The counter book situation whereby the buyer had to give his name and address if more than 10 litres of liquor was purchased has now been upgraded to 50 litres," he said.

"We were however disappointed with the fact that Sunday trading laws remained unchanged," he said, adding that issues regarding the new Act would be discussed when discrepancies were revealed. "It is an ongoing process," he said, but praised the new Act as progressive.

Guidelines for Cape coast get the nod

B Day 3/4/90

LESLEY LAMBERT

CAPE TOWN — The Cape Provincial Administration (CPA) has approved plans which will act as guidelines for future onshore developments along the Cape coastline and possibly deter controversial proposals like the recently abandoned Robberg marina in Plettenberg Bay.

The structure plans have been released in five lengthy documents, each of which deals with a separate sub-region.

These include the west coast area from Velddrif to Bokpunt, the Cape Town coastline, the southern Cape area from Macassar to Gourits River, Outeniqua to Humansdorp and the area between the Gamtoos and the Great Fish rivers.

The aim of the research programme, initiated by the CPA four years ago, was to draw up guidelines to address the potential conflict between conservation of rapidly diminishing natural areas and pressure for township and resort development.

The guidelines were intended as a refinement of the CPA's 1973 Coastal Plan.

The plans provide a framework for the evaluation of applications and proposed developments by the private and public sectors. They do not refer to developments already under way. (258)

The issues dealt with in the documents have become increasingly relevant.

Political changes have removed racial barriers in recreational areas creating more pressure for development in these areas, government decentralisation has placed more emphasis on private sector development for which central guidelines are deemed to be necessary and the west cape coastline has been pinpointed as a major future development area.

Manpower expects doubled workload

LESLEY LAMBERT

CAPE TOWN — New responsibilities, including the labour relations of commercialised public utilities, will virtually double the Manpower Department's workload.

Its 1989 annual report, tabled in Parliament yesterday, says the department has taken responsibility for the Workmen's Compensation claims and occupational safety functions of Transnet.

"The takeover of functions will virtually double the workload, and the department, with its present staff and funds, will be unable to cope," the report says.

Another new responsibility resulting from economic changes concerns the small business sector. The National Manpower Commission began investigating the effect of labour legislation on this sector last year and an amending Bill covering technical adjustments is expected this year.

The department is reported to be keeping a close watch on provisions of industrial council agreements which could hamper economic activities. B Day 3/4/90

Developments in the field of labour relations during the year include a review of section 79(2) of the Labour Relations Amendment Act, following criticism of certain provisions of the legislation, and the introduction of a labour code and guidelines for labour relations in the agricultural sector, drawn up by agricultural unions in consultation with the Houses of Representatives and Delegates.

The department expects the winding up of certain industrial councils to result in more applications for conciliation boards and the scaling down of employee fringe benefits from industrial council agreements.

Fewer wines on offer reduces Nederburg auction turnover

(2-88)

15 (V) 41 414 870

LESLEY LAMBERT

CAPE TOWN — Although the total sales of this year's Nederburg Wine Auction appeared disappointingly low — R430 000 down at R1,85m — fewer cases were on offer and at least an average price increase of 15% kept pace with inflation.

The quantity of wine available at Saturday's auction was reduced by 2 328 cases to 7 861, all of which was bought by domestic and foreign buyers.

Checkers, Hans Schreiber of Neethlingshof, Southern Sun, Rebel and Spar took the lead, while foreigners kept a low profile.

Schreiber set the ball rolling as he snapped up the first three items on the catalogue — a Lanzerac Pinotage 1965, a Groot Constantia Weisser Riesling 1985 and a Rust en Vrede Cabernet Sauvignon 1981. He then went on to secure the five most highly priced wines on the auction.

The highest price of R7 100 was for a case of Rustenberg Dry Red 1974, described by wine afficionado John Platter as a winemaker's dream vintage. A case of Lanzerac Pinotage 1965 and another of the Lanzerac Pinotage 1967 vintage — the first and last items on the catalogue — fetched R5 200 each, while one of the last two cases of the 1973 vintage of Kanonkop Cabernet Sauvignon went for R3 600. The reserve prices on all these wines was R450.

The auction was dominated by reds, most of which were more than 10 years old.

Notable purchases included five cases of Lanzerac Cabernet 1965 and seven cases of Zonnebloem Cabernet 1969, both of which were sold for an average R1 100 a case. Their reserve prices were R750 and R600 a case, respectively. Three cases of Chateau Libertas 1967 were bought for an average R930 a case, with a high price of R1 050.

Checkers, the biggest buyer, concentrated largely on Nederburg, apart from some Zonnebloem Pinotage 1977 which sold at an average R250 a case. Other active retailers included, Spar, WP Cellars, Drop In, the Liquor Inn and the OK Hyperama.

Of the Nederburg collection, 440 cases of the highly rated Private Bin R103 fetched an average R326,95 a case, 484 cases of the Nederburg Cabernet Sauvingnon 1979 fetched an average R414,50, while the popular Edelkeur dessert wine went for an average R209,10 a case.

There were 17 old reds from SFW's Zonnebloem collection on offer. Apart from the Zonnebloem Cabernet 1969, five cases of the Cabernet 1970 fetched an average R660 a case, 20 cases of the 1971 vintage fetched an average R533 a case, 30 cases of the 1972 vintage fetched an average R469, while 25 cases of the 1973 Cabernet Sauvignon fetched an average R428 and 60 of the 1977 vintage fetched R419.

Of the whites on offer, the Hamilton-Russell Chardonnay 1987 fetched the highest price with 10/12 bottle cases averaging R824 a case. The Nederburg Chardonnay 1987 fetched an average R194,42, a six-bottle case.

A regional break-down showed a disappointing drop in purchases by foreigners from last year's high of 16% to 11,25%.

Purchases by Transvaal buyers also dropped considerably to 41,2% of the total 100% of sales, while the Western Cape bought 35%.

Top-class hotels cheapest in Johannesburg

B1 Day 4/4/90

288

Own Correspondent

LONDON — Johannesburg's top-class hotels provide the world's cheapest accommodation for businessmen, according to a report released in Britain today .

The survey, Working Conditions Abroad, also found that Scandavian capitals have replaced Tokyo as the most expensive destination.

London is unchanged in eighth place.

Oslo, the Norwegian capital, is top of the list with the total daily inclusive rate at a four-star hotel running at £208 (R894).

Then comes Copenhagen, Denmark, with £206 (R885), followed by the Swedish capital of Stockholm with £194 (R834).

Tokyo is now more expensive than London as a result of currency and other cost movements.

The daily inclusive rate works out at £169 (R726) against £161 (R692) in London.

Johannesburg came bottom of the list with the report showing the same standard of bed-only accommodation in a first-class hotel costing only £34 (R146).

This compared with £112 (R481) for a similar overnight bed in the most expensive city, Copenhagen.

A drink costing £1 (R4,30) in Harare would cost £10 (R43) in Baghdad, while a business dinner with wine would set the diner back only £20 (R86) in Nairobi but £48 (R206) in Frankfurt. — Daily Telegraph.

Interleisure sales to be 'vetted' first

(288)

BDay 5/4/90

BARRY SERGEANT

THE Interleisure board will soon make a decision on franchising off 27 of its restaurants, amid criticism from some quarters that the deals are not being done "at arm's length".

In an interview yesterday, Interleisure MD Anthony Salusbury gave the assurance that the sales would "only be approved after thorough investigation".

Some former employees have alleged that a scheme designed to "run down" the profits of restaurants coming up for sale has been at work. This would, it is alleged, artificially depress the selling price.

Salusbury said the 27 restaurants had been informed at the beginning of February that there was a possibility of conversion to franchise by sale.

Said Salusbury: "This short-time period would make it very difficult to artificially 'run down' profits at any outlet."

Kersaf subsidiary Interleisure currently has 182 restaurants on its books.

In its latest full year, Interleisure posted a R375m turnover and R30,9m attributable profits.

Of the Interleisure restaurants — Squires Loft, Mike's Kitchen, Porterhouse, RJ's, Cattleman, Combined Caterers, Bimbo's and Captain Dorego — 141 are under franchise, with 41 company-owned by Interleisure.

Salusbury says the current proposal to sell 27 outlets to franchisees would leave Interleisure with its targeted 10% company-owned outlets or "the cherries in the group".

He explained Interleisure had started on the "mistaken" path of acquiring company-owned restaurants at the beginning of 1987, starting with the Squires group, which "turned out to be poor acquisitions".

It soon became clear that restaurants, with very few exceptions, are "momma and poppa" (informal) enterprises and that restaurants "run by a listed company within the constraints of the formal sector generally never perform at the growth levels expected of a listed company".

Salusbury said experience had shown that franchised operations were able to

□ To Page 2

Interleisure

BDay 5/4/90

(288)

□ From Page 1

perform at rates acceptable to Interleisure. In the 1989 financial year to end-June, the food division's contribution fell to R3,4m (R7,4m); the contribution to group profits to 6% (19%).

He said indications so far this year were that food division profits would increase by 75% — although the base was relatively low. This vindicated the group's strategic policy of switching from company-owned outlets to franchises.

Salusbury said the controversy about who the management was selling to was unfounded. "Generally speaking, the best people to sell to are the people currently managing the restaurant, who then become franchisees. As to price, the generally accepted norm in restaurants is a p:e of 4 to 5 times annual after-tax profits.

"For the 27 restaurants under consideration, the average p:e is 6,6 times. This is a good average price for Interleisure, especially given that some of the restaurants are on terminating leases, and some are overcapitalised."

Critics have accused Interleisure of being subject to operators within the group who, anticipating that further restaurants would be sold, deliberately forced profits down by, for example, using "fillet to make curry".

When the restaurants were ready for sale, the argument continues, the buying price would be automatically depressed.

"If we had been aware of any such behaviour, we would have dismissed those concerned. However, profits of the 27 have not been suppressed," says Salusbury.

He said the terms of payment for the 27 restaurants were "more favourable than was usually the case in the industry". Moreover, each sale had a 10-year franchise agreement with royalties to secure future Interleisure income.

TIME FM 6/4/90 (288)

Odd preference

An unusually structured rights issue of convertible/redeemable preference shares by Time Holdings which will raise R10m, equivalent to 45% of its existing shareholders' funds, is designed to minimise the eventual dilution of share capital.

Time will use the cash to invest in more property developments, to maintain its stake in its developing life assurance company and to reduce its short-term debt. At December year-end, short-term debt was R12,3m and gearing 54%.

The 100c, 14% prefs, which will be listed, will be redeemed or converted into ordinary shares at the directors' discretion in two equal instalments in June 1993 and June 1994. If they are redeemed, it will be at par (100c) plus 25c. Conversion is more complicated and will be calculated by dividing the prefs 100c issue price by 80% of the ords' average price over the preceding six months. So the higher the price of the ords ahead of conversion, the fewer ords the pref holder receives.

Time's share has fallen from around 130c in early 1989 to its present 70c. Assuming the share recovers by 1993, the dilution from the rights offer will be lower than if the offer had been of ords or if the prefs were convertible at a fixed rate.

In December 1988, Time issued 6,05m new shares in a rights offer at 105c. It has also offered bonus shares as an option to dividends. By December 1989, it had 18% more ords and prefs in issue than at December 1987 and EPS, which had grown from 1,5c in 1985 to 25c, fell back to 14c (4%) last year.

Hibbert says the 1989 dip in earnings is small compared with that of most listed housing companies and believes earnings will grow well this year because of some revival in the housing market and Time's increasing diversification.

Time's Hibbert ... sees revival in housing

Overall, the housing division is profitable, but the extent of its downturn shows in the fact that housing's contribution was about the same as that of TimeLife. Because of this, Time has decided to delay the separate listing of the housing division.

Commercial property was the leading contributor to Time's income last year. Time has until now passed the developments it has project-managed on to its clients, but plans to use some of the rights offer proceeds to invest in selective developments as a principal.

The rights offer assumes either that the housing market will be booming by 1993 or that other divisions will be contributing so much that Time's image will have changed. Now on a dividend yield of 14,3%, the share is rated as a housing company and the growing life company is ignored. *Teigue Payne*

LIQUOR ACT FM 6/4/90

Easing the flow

288

The new, more relaxed Liquor Act, passed by parliament last year and effective from this week, pleases most but not all in the liquor

FINANCIAL MAIL APRIL 6 1990

FM 6/4/90 288

industry.

Mike Kovensky, MD of the Cape-based Aroma Liquor Holdings and past president of the Federation of Hotel, Liquor & Catering Associations of SA (Fedhasa), says: "The purpose of the Act is to control the distribution of liquor; it is definitive in so far as what it demands from the trader and clear as far as how it is to be implemented."

However, he cannot agree that it will make it any easier for newcomers to the industry to apply for licences.

"It seems simple, and certainly is in line with government's policy of deregulation, but if anything, it will put more work attorneys' way. The lay person will not be able to deal with it easily."

When word leaked last week that Trade & Industry Minister Kent Durr was to make an important announcement, liquor wholesalers expected him to outline his thinking on vertical integration — the ownership of retail outlets by wholesalers.

"He has spoken with most of us to canvass our views about how many retail outlets we thought each wholesaler should be allowed to have. I was hoping he'd say something about that," says a disappointed Wellesley Bruton, MD of Douglas Green of Paarl.

Fedhasa's executive director Fred Thermann likes the Act. "For six years the authorities have been getting feedback from the industry. It's about time something happened to improve productivity."

Unlike Kovensky, he believes the Act will make it easier for the man in the street to apply for a liquor licence. One reason is that applications will be heard year-round by magistrates instead of once a year by the Liquor Board.

Longer hours

The feedback Thermann has been getting indicates the industry appreciates:

☐ That liquor stores may remain open from 08h00 — instead of 08h30 — to 18h00 on weekdays and may apply to remain open until 20h00;

☐ That they may remain open from 08h00 until 13h00 on Saturdays, an hour longer, and deliver until 17h00 if they get the approval of their local town council and the Liquor Board, which is also now more accessible; and

☐ The falling away of the need to record all purchases and sales in a liquor stock book. Liquor stores now need to record only sales of more than 50*l* to one customer in a counter book, instead of every one of above 10*l*.

The changes regarding on-premises consumption are far-reaching and needed, Thermann says. Restaurants may remain open from 10h00 on one day until 02h00 the next day, even if it is "a closed day, such as a Sunday."

In previous versions of the Act, such as the Liquor Act of 1977, which is now repealed, restaurants had to close at midnight on Saturdays to avoid being open on Sundays, or if the next day was a religious holiday, such as Christmas or Ascension Day.

FINANCIAL MAIL APRIL 6 1990

FM 6/4/90 (288)

"There is now only one restaurant licence," he says. "There is no longer a beer and wine licence. However, those on minimum standards may serve only wine and beer. They have to improve their standards if they want to move up the ladder and sell Dom Pedros or Irish Coffees, and if they want full liquor licences they have to improve their standards significantly. Another restriction is that they may sell liquor only with meals or to people waiting to be served."

However, despite all these steps forward, hotels may still serve liquor on Sundays only with meals or, at other times, only to guests. ■

BDay 11/4/90

288

Interleisure menu becomes more palatable

BARRY SERGEANT

IN LESS than 1[?] months from early 1987, as the JSE was surging into its greatest listings boom, Kersaf subsidiary Interleisure completed the acquisition of 180 food outlets, company-owned and franchised.

In retrospect, says MD Anthony Salusbury, the expansion was far too rapid; many of the acquisitions were poor. Without a major strategic change of direction in 1988, the food division might have ended up making losses.

Perhaps more important, he says, is that the experience has shown "you cannot buy entrepreneurs, because they simply don't operate according to the norms and standards of a corporate group".

Interleisure's interests include Ster Kinekor, Toron International, Computicket, Irene Film Labs, Cinemark, and a sports division. In its latest full year to end-June 1989 Interleisure posted a R375m turnover and R30,9m attributable profits.

First acquisition in early 1987 was Mike's Kitchen, followed within months by acquisition from entrepreneur Costa Tomazos of Squires, Longhorn, RJ's, Captain Dorego and Theme Pubs.

Tomazos, who built his food empire starting with one Squires in Braamfontein, listed Squires during the boom but sold out, and was paid with Interleisure paper.

With Squires in the Interleisure stable, acquisitions were rounded off with Porterhouse, Cattleman, Bimbo's and Combined Caterers.

Interleisure then had 110 franchised outlets and 70 company-owned outlets. "Strategy from there," says Salusbury, "was to open 30 more company-owned outlets, mainly in the Porterhouse and Longhorn brands, within the next year.

"This proved to be more than operational management could cope with. Bad sites were chosen and practically all the new outlets started running losses from day one."

Replacement

With close to 200 outlets, the notional replacement value in today's money would be more than R100m.

In one month alone, the food division's overheads ran R500 000 over budget.

"It soon became clear we had done the wrong thing. We questioned whether a corporate group could have so many restaurants. They're really mom and pop type businesses — informal.

"Privately owned restaurants have difficult earnings expectations; restaurants under our control simply grew too slowly for the kind of rate our shareholders expect."

In addition, franchisees disliked too many Interleisure company-owned outlets.

"This gives rise to an inherent conflict of interest — you can't be a wholesaler and a retailer at the same time," he says.

"The 30 new outlets lost a lot of money and profits fell substantially."

Then Interleisure decided to restructure its food business.

Hans Hawinkels was appointed new CE of the division. The major strategic change of direction was to reduce the number of company-owned outlets and increase franchisees.

At financial year-end June 1989, the board reported the previous 180 outlets (70 company-owned and 110 franchised) were now 182 outlets (41 company-owned and 141 franchised).

Tomazos left the board of directors and Interleisure operational management. The disposal of stores to franchisees gave rise to a R5,7m extraordinary loss that year.

Moreover, the food division's operating profits slipped from R7,4m (6% of total) to R3,4m (19%). Total group operating profits were R56,5m, the bulk (36%) coming from cinemas.

The rationalisation has worked out: the full 1990 financial year to end-June is expected to show at least a 75% increase in profits from the food division — albeit from a low base.

Salusbury admits that many of the outlets disposed of were over-capitalised. Too much was paid upfront, whether purchased or new, and the returns were totally below expectations.

"Franchisees have a greater incentive to perform than managers of company-owned restaurants — the franchised operation of Mike's Kitchen has been a huge success."

The current proposal is to sell 27 outlets to franchisees, leaving Interleisure with its targeted 10% company-owned outlets, giving Interleisure what it considers to be the right mix.

Says Salusbury: "These remaining company-owned outlets constitute the cherries in the group."

He says the controversy about who management was selling to was unfounded.

"Generally speaking, the best people to sell to are the people currently managing the restaurant, who then become franchisees.

Fallacious

"As to price, the generally accepted norm in restaurants is a p:e of four to five times annual after-tax profits.

"For the 27 restaurants under consideration, the average p:e is 6,6 times. It is therefore fallacious to say that payment is below market rates.

"This is a good average price for Interleisure, especially given that some of the restaurants are on terminating leases, and some are over-capitalised.

"We have many good operators in the company. Interleisure cannot afford to pay the same rates as an entrepreneur earns, especially on the post-tax measure.

"We recognise that good operators will probably leave in the short to medium term. They are, therefore, the people we want as franchisees.

"Some of the proposals are to sell to ex-employees' syndicates, and they're paying a reasonable price, having regard to the importance of the future relationship."

Salusbury says the terms of payment for the 27 restaurants are "more favourable than is usually the case in the industry". Moreover, each sale will have a 10-year franchise agreement, with royalties to secure future income for Interleisure. Because they are tied in, capital gains are unlikely to arise for franchisees for a long time.

"Most of the people in the syndicates are relatively senior in the organisation; they will go off and run franchises, saving substantial overheads in the food division.

"In terms of budgeting, we will achieve a rate of return previously not attainable.

"Certain of the food division management are permitted to take stakes in the restaurants, but these are fully disclosed and accompanied with a restraint that they may not conduct restaurant business."

Ovcon to develop Cape Town dockside hotel

THE contract to refurbish the old warehouse to create a new hotel on North Quay in the Victoria & Alfred Waterfront development in Table Bay has been awarded to Ovcon (Cape) Building. (288)

With Bertie's Tavern, the contract for which is also to be awarded to Ovcon, and the forthcoming Maritime Museum, the project is the first phase of the proposed dockland redevelopment. B Day 11/4/90

This is eventually expected to draw more than R600m redevelopment investment to the area and attract 1,5m visitors a year. Follow-up projects include a speciality retail complex with 10 cinemas, a further 10 to 15 restaurants, a fish market, fresh produce and speciality shops.

The hotel, to be called the Victoria and Alfred, will be built on the historic Alfred Basin quay, for which the rocks were first cut and placed in 1903. In the refurbishment, the character of the existing warehouse will be retained.

The existing heavy roof trusses will be reused at a higher level to allow for the construction of a second floor slab. Thirty-four bedrooms will be provided on the existing first floor and 34 on the new second floor slab.

The ground floor of the hotel will be linked to the waterfront promenade via a walk-through mall, and the hotel's coffee shops, lounge and terrace areas will overlook the quay. The mall itself will lead off to speciality shops and restaurants.

Two large cranes in front of the hotel will be retained to enhance the wharfside atmosphere, while the quay is to be developed into a waterfront promenade.

B/Day 11/4/90

As guests feel the pinch, so do hotels

BRENT MELVILLE 288

A CHANGING mix in hotel patronage and reduced average disposable income hit the SA hotel industry last year, the latest Central Statistical Service (CSS) survey on the financial statistics of 320 registered hotels discloses.

Commenting on the report Fedhasa executive director Fred Thermann said the changing market mix and existing economic conditions had hit especially hard at the hotel food and beverage market and had served to shorten the average holiday span of tourists to about four or five days.

In top hotels, food and beverage accounts for up to 45% of revenue.

Guests are now watching their pennies in this respect, which helped push the industry's total real sales last year down by 3%. Total revenue was at R2,1bn compared to R1,84bn the previous year.

Thermann said that even the traditional December boon period failed to live up to expectations with revenue for all grades of hotels down more than 11% to R220m (R212m) in real terms.

Over the year the big drops came in off-sales, which declined by 11%, and food-and-beverages, down by 5%.

Thermann said that although 13,3-million bed nights were sold, there were 31,7-million bed nights available.

For December overall room occupancy was virtually unchanged at 53% with one-, three- and four-star hotels fielding most of the decline and two- and five-star hotels experiencing an increase in occupancies of 1,2% over the year and 7,3% in December — reflecting the influx of foreign tourists. 11/4/90 B/Day

Big improvements over December were in the eastern Cape, reflecting the marketing efforts of eastern Cape towns.

Durban quiet as Cape Town bustles

CAPE TIMES 11/4/90

(288)

WHILE hoteliers in Durban are worried about the slow start to the autumn holiday season, Cape Town has seen a steady stream of up-country visitors.

The Durban hoteliers are hoping for a last-minute rush of holiday-makers to fill their empty rooms, but there are fears that the widespread unrest in Natal has scared off potential tourists.

And even if tourists arrive this weekend it will be a short season, as schools in Natal and the Free State open for the second term next Wednesday and those in the Transvaal the following week.

The managing director of Durban Publicity Association, Mr Frank Vincent, admitted: "Durban is not as full as we hoped it would be."

But, he said, many people should still arrive this weekend.

He said he doubted that problems on Durban's beaches over Christmas were a factor in the slow start, but admitted the unrest may be a factor. "Although it is in the outlying areas people may think it is in Durban itself." — Staff Reporter and Own Correspondent

● Natal violence — Page 6

Time Holdings targets 51% rise in turnover

SYLVIA DU PLESSIS

B Day 14/9/90

MANAGEMENT and financial services group Time Holdings, strongly positioned in its key areas of activity, is targeting a turnover approaching R350m (R231,3m) in the current year — an increase of about 51%.

And chairman Colin Hibbert says that, barring unforeseen circumstances, he is confident attributable earnings and earnings per ordinary share will show "real meaningful growth" during this period.

Time, whose three major operating divisions are property, housing and financial services, upped bottom-line earnings by 11% to R9m up to December 1989 on turnover of R231,3m. Earnings of 25c (26c) a share were achieved on an increase in the average number of shares in issue.

Hibbert says in the group's latest annual review indications are that the current economic slowdown is set to continue through most of 1990 and interest rates are unlikely to drop significantly before the third quarter of the year.

288

But strong ties with large institutional investors and a cross-section of private developers hold "considerable promise" for the group's property and housing divisions.

Growth in the housing division will be anchored in expanding into the lower cost housing market and it is well positioned to benefit from any upturn in the market, given its established infrastructure throughout SA, he says.

Time Properties, now handling about R500m worth of commercial development projects, is well-placed to contribute strongly to the group's earnings base, while the medium-term outlook for Time Life Insurance — where profits declared last year were conservatively estimated at about R1m — is "most promising".

On financing requirements, Hibbert says the group has more than adequate financial facilities to fund its current businesses.

"Growth in its core businesses, particularly in the financial services and property divisions, however, will require a better mix of short and long-term finance both to ensure adequate funding and to strengthen the balance sheet in preparation for the next growth phase."

Accordingly, directors hope to propose the issue of 10-million convertible redeemable 14% shares of R1 each by way of a rights issue to shareholders, Hibbert says.

SUMMER LEISURE

FM 13/4/90

When time stands still

288

Confusion, unanswered phone calls, staff claiming unpaid wages and salaries and about 3 000 timeshare members unable to take advantage of their holidays-for-life — which cost many of them their savings.

This is only the start of the sorry tale beginning to unfold as liquidators commence unravelling the affairs of Summer Leisure International (SLI) — the marketing arm of the controversial FlexiClub Foundation timeshare group. What is clear is that while FlexiClub is not being liquidated, the activities of the two organisations are inseparable in certain respects.

Furthermore, both organisations are under investigation. FlexiClub's accounts are being scrutinised by Louise Tager's Business Practices committee. At the same time, police at John Vorster Square's commercial branch have been instructed by the Attorney-General to look into the affairs of SLI.

Meanwhile, for liquidator John Fourie of the Ernst & Young Trust, trying to get to grips with the tangled affairs of SLI has not been easy. One of his priorities was to interview SLI and FlexiClub directors Bill Nosworthy and Larry Botes.

However, like those of the timeshare members themselves caught up in the liquidation, his telephone calls remain unanswered. All attempts to contact them over the past few weeks have drawn a blank. "All I hear is music when I phone Botes. Nosworthy doesn't have a telephone."

In spite of this, he believes the financial status of the company and other issues related to the liquidation could be "crystalised" within a fortnight.

With the two directors apparently unavailable, Fourie's office is fielding calls on a daily basis from disillusioned and anxious FlexiClub members trying to establish whether their timeshare agreements are still worth the paper they're written on. Many are understood to have stopped paying the instalments due in terms of their contracts.

This is perhaps understandable in view of the fact that, for the present at least, they (the timeshare members) cannot gain access to FlexiClub's timeshare accommodation because the levies — the legal responsibility of SLI — have not been paid.

According to the successful application for SLI's winding up, which was heard in the Rand Supreme Court in February, if the levies remain unpaid, SLI's timeshare rights could be cancelled. This could further prejudice creditors.

Although Fourie won't be drawn on the issue, FlexiClub appears to all intents and purposes not to be functioning as a business at present.

In the meantime, Fourie is attempting to to get access to the FlexiClub documentation which relates to SLI.

He explains: "My interest in FlexiClub is twofold. Firstly, all the SLI documentation is in the Foundation files, which I can't touch until I'm granted legal access. Secondly, Botes has signed a document stating that FlexiClub owes SLI about R1m in management fees. I must ensure that the best interests of SLI creditors are served in terms of that debt."

He adds that there are likely to be relatively few claims directly against SLI, most of them relate to FlexiClub. "But the two organisations operated from the same offices, which are now locked. The telephones have been disconnected because of unpaid bills and all the furniture and computers were sold before the company went into liquidation," says Fourie.

Even SLI's staff seem to have been left in the lurch. One is claiming R18 000 in respect of five months unpaid salary. Another former employee, Pat Myburg, claims she was not paid a salary for September or October. According to the winding up application, a number of other employees are out of pocket because of unpaid salaries. ■

 FM 13/4/90 (288)

In the swim

■ Durban is looking to recover its reputation as a happy holiday haven

The tourists flocking to Durban this week will want to know that the peak season overcrowding of last December-January has been attended to. It could be that their experiences now will help determine the future of the city as a tourist centre for some time to come.

Durban lives or dies by tourism. The industry accounts for a total estimated annual turnover of R3,5bn in the city; and more than 46 000 people are employed in it either directly or in associated services. A recent survey found that an average of close to R2,2m a day was spent in Durban by visitors — on accommodation, entertainment, food and beverages and internal transport. This figure excludes what is spent in shops on the beachfront and the CBD.

But is this still the case after Durban's overcrowded Christmas and New Year (*Business* March 30)? Hotel bookings for Easter are slightly down for the same period last year, but that is not causing too much concern.

"With Easter it is often a last minute decision by visitors. We can never be sure just how many people are coming down until the long weekend starts," says Alf Sudheim, vice-chairman of Fedhasa in Durban.

Open beaches

He admits that February was a bad month for hotels in Durban but says this was probably a hangover from events in early January. Durban's beaches were opened on November 20, after several months' debate in the city council, all of it attracting a lot of publicity. Sudheim believes it is this — and the novelty of open beaches — which attracted so many day visitors and led to the overcrowding of the beachfront.

He expects as many people to arrive again at the end of this year, but says that overcrowding will only occur on the five public holidays between December 16 and January 2. And, "this is going to be the case for the next few years — but the novelty will begin to wear off.

" 'The let's-go-have-a-look' brigade will diminish."

Even if the crowds do increase, Durban's director of Parks, Recreation and Beaches, Errol Scarr, is confident they will be better managed. "We have all been on a learning curve since December. I think it is getting better. People are adjusting and learning to mix with people of other cultures. We have geared up the amenities and staff to handle large crowds."

The city has taken on an additional 126 staff for the period which runs through to April 17. These include extra lifeguards, 60 "litter pickers" and 60 beach guides. The

W/E Argus 14/4/90

288

Meals shock for pubs

By VIVIEN HORLER
Weekend Argus Reporter

WINE and malt pubs serving drinks without meals are breaking the law and a senior member of the Narcotics Bureau says complaints will be investigated and, if necessary, licensees will be charged.

This is the shock finding of a Weekend Argus investigation after a Clovelly reader wrote saying that contrary to what people believed, the new Liquor Act, which came into effect on April 2, had not reprieved Cape Town's traditional wine and malt pubs.

In terms of the new Act all pubs that used to have a wine and malt licence now automatically have a restaurant licence, and this means they may not serve a drink without also serving a meal.

Colonel Muller Haggard, head of the Narcotics Bureau in Cape Town, said any complaints against the pubs concerned would be investigated. "And if we find a pub is not complying with the Act then we must prosecute."

Ironically, the Minister of Trade and Industry, under whose portfolio the Liquor Board falls, is also the Minister of Tourism — Mr Kent Durr.

Pubs affected include the Forester's Arms, Ferryman's, Barristers, Seagulls, the Fireman's Arms, the Perseverance Tavern, the Heidelberg, the Diaz Tavern, the Crow Bar, the Vasco da Gama, the Harrington, the Brass Bell, the George, the Brunswick and the Windhoek Stube.

Pubs which operate under a hotel licence, such as the Tudor, or used to have a bar licence (the Crown), are not affected.

Former wine and malt pubs may apply to the Liquor Board for a "special licence" under the new Act and several are planning to do so. It is understood, however, that there are no guarantees and each application will treated on its merits. In the meantime pubs serving drinks without meals are operating illegally.

Landlords' reactions range from the fearful to the angry.

Mr Ivan Hampshire, licensee of the Perseverance, said: "I know this makes good copy and gets people up in arms, but I cannot comprehend that anyone could be so stupid."

Mr Hampshire, who has not applied for a special licence, said he would be "very surprised if sanity does not prevail".

"You can't have the same minister talking about the importance of tourism and the wine route and and also wanting to shut pubs down. Cape Town, after all, has always been known as the Tavern of the Seas.

"The Perseverance was first licensed in about 1838 and I ~~don't intend to apply for any~~thing until I'm told to."

But Mr Jack Chandler, new publican of the Fireman's Arms, said: "It's frightening. It would seem that if someone comes in and just has a beer without food we are technically contravening the law. We've applied for a special licence, but it was a bit of a shock when this new law came out because we understood that everything had been sorted out."

He was referring to a report in a morning newspaper last year that seems to have been widely read to imply that pubs have been reprieved.

A city attorney who specialises in liquor licence applications said he thought that "everyone, including the police, were feeling their way with the new Act and giving pubs a chance to apply."

Travel club fears R10m loss from lodge row

288

ST 15/4/90

By Charmain Naidoo

A BATTLE between travel group Club Africa and self-governing Kangwane's parks department ended in stalemate when a judge ruled the case could not be heard in the Witwatersrand Supreme Court.

Mr Justice Roux said he had no jurisdiction.

One of the questions before the court is whether or not an agreement exists between the Kangwane Parks Corporation (KPC) and Club Africa over the marketing and management of a 32-room luxury game lodge, Gambule.

Club Africa, owner of the successful Ngala game lodge in the Eastern Transvaal, stands to lose more than R10-million in projected income from Gambule should a court rule that no agreement exists.

Debentures

Club Africa says in court papers that it was responsible for the design, development and marketing of the project. By late last year the company had spent R853 000 on it.

Club Africa says it has a formal and binding agreement with the KPC.

On March 21, Mr Justice Roux reserved judgment on costs pending the outcome of Club Africa's action in the Supreme Court, Pretoria.

The KPC distanced itself from Club Africa in a statement this week, claiming that "the application was dismissed and all interim arrangements between the parties were discharged and terminated".

It would "admit no persons to the reserve" or provide accommodation booked through Club Africa "unless payment has been made to the KPC in full and in advance".

In particular, the alleged rights of debenture holders to accommodation at the lodge would "not be recognised on any basis whatsoever".

Court papers show that Club Africa set aside nine units at the lodge for use by debenture holders for 25 years — equal to the alleged lease agreement granted by the KPC to Club Africa.

The KPC claims it did not authorise, nor was it a party to the debenture offer made by the travel group.

Club Africa applied on December 6, 1989, for an urgent interdict to prohibit the KPC from issuing "a one-sided press statement" regarding its contention that no binding agreement existed.

It said the matter was sub judice.

Club Africa asked that both parties agree on a statement giving both sides of the story. The result was that a joint statement was issued in the form of a court order.

On December 15, another interim order was issued by Mr Justice O'Donovan in the Rand Supreme Court to regulate the conduct of both parties until the matter could be heard by way of oral evidence on March 19.

Marketing

Mr Justice Roux's ruling on March 21 that he could not hear the case rendered null and void the earlier order.

The essence of the order issued by Mr Justice O'Donovan on December 15 was that Club Africa would continue with the SA and international marketing of Gambule and control all bookings. The KPC would manage and operate the camp until the outcome of the court action.

Club Africa's dealings with the KPC began early in 1989. The KPC planned to build a R1,2-million 12-roomed bush camp and was looking for someone to manage it.

Club Africa was appointed by the KPC to build, manage and market a 32-room luxury lodge to be built at a cost of R4,8-million, according to court papers.

The plan included leasing the land from the Mpakeni tribe for 25 years, renewable for another 25 thereafter.

The proposal called for Club Africa to fund 66% (R3,2-million) of the required R4,8-million.

Delay

This amount would be lent to the tribe, interest free for 25 years, and the R3,2-million would be advanced to it over two years after completion of the lodge. It would be funded from the debenture issue.

Club Africa claims that late in February 1989 it was officially appointed and these and other rights were granted to it.

Club Africa says it accepted that the rights had been granted and asked that a more formal contract be entered into with the KPC.

The lodge was due to open on December 1, 1989. On November 17, Club Africa received a letter from the KPC saying there was no agreement between the parties, thus claiming the debenture holders had no rights.

By that time, 55 debenture contracts had been concluded out of a possible 1 130.

The action is expected to be delayed for about a year because of heavy court rolls.

Blue Marlin deal almost complete

CHARLOTTE MATHEWS

SHARE block owners in the South Coast Blue Marlin Hotel timeshare scheme who have heard nothing about their investment since November last year were assured by Leisure Life International that negotiations to purchase the block are near completion.

Leisure Life MD Sandy Quinn said last week there were 800 to 1 000 people involved who had paid World of Leisure for their units. Some had not yet received share certificates.

The shares in Blue Marlin Hotel Shareblock are 51% held by World of Leisure, currently in final liquidation.

Blue Marlin Hotel Shareblock is trading profitably and has been secure at all times, Quinn said.

Leisure Life has made an offer to the liquidators of World of Leisure, Golden Trust Liquidators, to purchase the World of Leisure and Blue Marlin Time Sales shares for R4,3m in total.

A spokesman for Golden Trust said yesterday that this offer had been put to the major creditors, including TrustBank and Standard Bank.

"TrustBank has a pledge from World of Leisure and we don't know if this is valid or not," the spokesman said. "If it is valid, the proceeds of the sale of the shares, less R200 000, would accrue to TrustBank. In the meantime Standard Bank has applied to put Blue Marlin Time Sales into liquidation and this has held up the sale."

The spokesman said consent to the sale would have to be received from the liquidators of Blue Marlin Time Sales, to be appointed soon by the Master of the Supreme Court.

"But if the transaction does not go through the purchasers of timeshare units from Leisure Life will be reimbursed," he added.

2/88

Money rolls in for city hotels, traders

ARGUS 19/4/90

288

By DON HOLLIDAY
Municipal Reporter

CAPE Town's hoteliers and traders are rubbing their hands in satisfaction after a highly profitable Easter.

Some hotels were reported to be fully booked throughout the holidays. Traders also reported improved turnovers.

Mr John Robért of Captour said it was clear that Cape Town had a big influx of holidaymakers and that traders were pleased with their takings.

More overseas tourists had been apparent than in previous years.

Another trend, which became noticeable last year, was that tourists, mainly South African, were exploring the hinterland to a greater extent. Guesthouses in small towns and on farms reported a marked increase in occupancy.

Two Oceans

Mr Robért predicted that inland holiday centres, particularly informal guesthouses, would continue to experience better occupancies in the winter.

A spokesman for the Federated Hoteliers' and Caterers' Association said it was too early to give occupancy figures, but indications were that hoteliers were well-satisfied.

Last weekend's Two Oceans Marathon, which had a field of nearly 8 000 mostly from outside Cape Town, had been a big boost.

FM 20/4/90 (288)

TIME FM 20/4/90 (288)

Housing slump

Activities: *Project manager, property development, life insurance.*
Control: *Directors hold 52%.*
Chairman: *C T Hibbert.*
Capital structure: *20,8m ords. Market capitalisation: R15m.*
Share market: *Price: 68c. Yields: 14,7% on dividend; 37% on earnings; PE ratio, 2,7; cover, 2,5. 12-month high, 150c; low, 60c. Trading volume last quarter, 1,4m shares.*

Year to Dec 31	'86	'87	'88	'89
ST debt (Rm)	—	0,5	5,6	13,2
LT debt (Rm)	0,4	2,6	18,8	15,0
Debt:equity ratio	n/a	n/a	0,42	0,60
Shareholders' interest	n/a	0,19	0,30	0,28
Int & leasing cover .	10,6	22,9	14	4
Return on cap (%) ..	21,6	12,7	20,3	13,5
Turnover (Rm)	30,4	105,9	182,6	231,3
Pre-int profit (Rm) ...	2,2	6,4	12,3	10,7
Pre-int margin (%) ..	7,1	6,1	6,7	4,6
Earnings (c)	4,4	14	26	25
Dividends (c)	—	6*	10	10
Net worth (c)	n/a	32,6	96,1	83,3

* Annualised

The market has accorded Time's share a low rating, perhaps partly because it is seen as a housing company. This is not surprising because about half its assets and turnover remain in that sector.

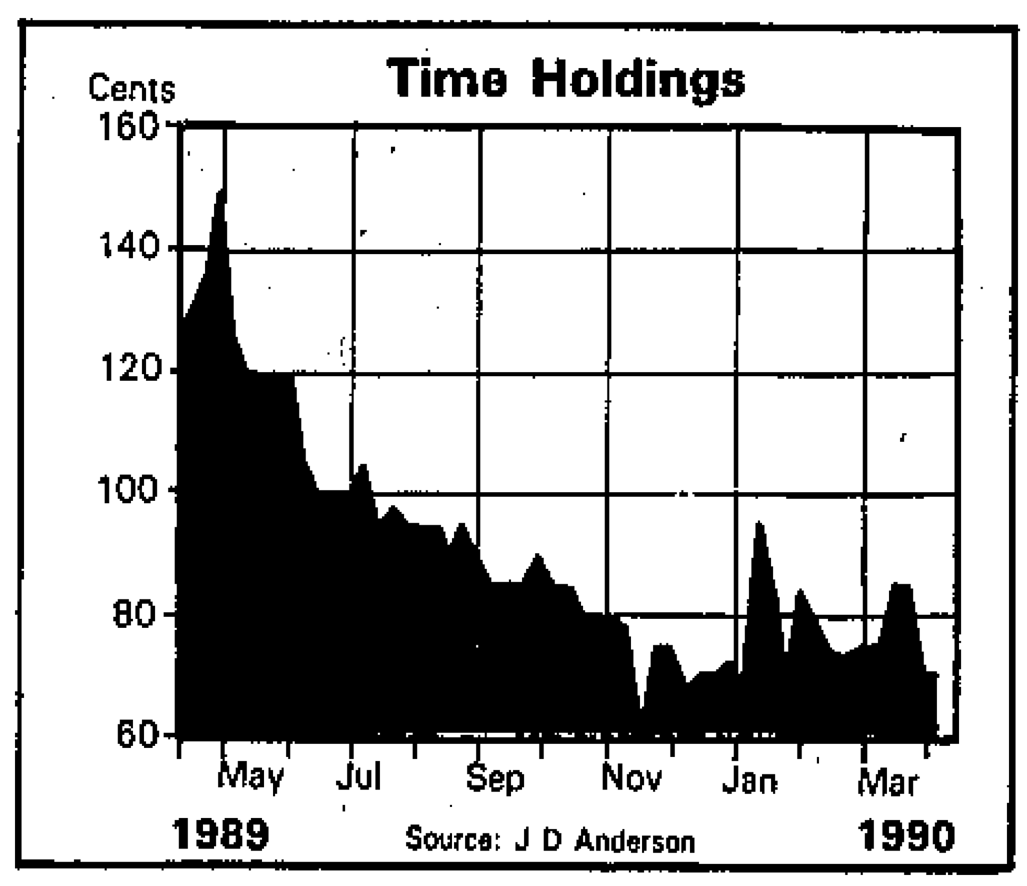
The housing division did not escape the slump in the market, which has been reflected in results from companies like Bester, Quantum, Faircape and Goughco. Time's sales in Johannesburg, Cape Town and some mining areas slumped by as much as 50%, though they were buoyant in coastal areas. The strategy was to reduce overheads but not close in affected areas.

Divisional contributions to income are not detailed but the contribution from the housing division, previously the main earner, was not much higher than that from the new life company, TimeLife, which contributed almost R1m of R9,1m attributable profit.

Net interest-bearing debt rose 74% and — after deduction of R6,3m goodwill on the acquisition of R McCarthy — shareholders' funds fell marginally, with gearing rising to 0,60. Turnover was 27% higher but operating profit dropped 28% and finance charges more than trebled. A deferred tax reversal boosted attributable income but with more shares in issue EPS dipped 4%.

The innovative rights offer (*Fox* April 6) will help Time through a difficult period and provide capital for expansion. Preference shares were chosen over debentures largely because Time has a low tax rate.

Though the housing slump hit harder in the second half, chairman Colin Hibbert believes that, with cutbacks now over, housing's contribution will recover. A small re-



covery in the market, despite high interest rates, will help as will the Urban Foundation's initiative. In October the division was awarded the contract for housing of Mossgas's permanant employees, probably the largest awarded in recent years.

The property developments division had an exceptional year and was the largest contributor; it will be hard to grow much from that high base this year. And, while housing may contribute more, deferred tax reversals are unlikely to match last year's R1,5m. TimeLife is exceeding budget and growing well off a low base.

Thus, though Time expects real earnings growth, this year is unlikely to be dramatic. High growth is more likely from 1991 when the housing market should improve and TimeLife will contribute increasingly. The share, which fell throughout 1989, must soon begin to reflect those developments.

Teigue Payne

No Golden Trust guarantee on refunds

A BUSINESS Day report on April 17 headlined "Blue Marlin deal almost complete" incorrectly quoted a spokesman from Golden Trust liquidators saying that if the transaction did not go through, the purchasers of timeshare units from Leisure Life would be reimbursed. B|Day 24/4/90

If the transaction does not go through, according to Golden Trust, purchasers of timeshare units from Leisure Life will have to approach Leisure Life directly regarding a refund.

Golden Trust does not warrant that they will be paid at all. 288

CAPE TIMES 3/5/90 (288)

South African tourism up 16%

PRETORIA — South Africa's tourism industry experienced a bumper year in 1989, with arrival figures up almost 16% on the previous year, the South African Tourism Board said in a statement yesterday.

In all, the 1989 figure was set at 930 393 visitors, an increase of 15,6% over the previous year, according to extracts from Satour's 1989 annual report.

The number of overseas and African visitors also increased by, respectively, 21,6% and 10%.

There were 472 076 overseas visitors and 454 818 from elsewhere in Africa.

In an industry worth an estimated R5 000 million, earnings from foreign visitors, excluding airfares, amounted to approximately R1 900 million in 1989.

During the year, and in a newly appointed cabinet, government added tourism to the portfolio title of the Minister of Trade and Industry, thereby stressing the role the industry plays as a foreign-exchange earner and in the economic growth of the country.

Satour and the Development Bank have also begun work on a national strategy for tourism development in South Africa, Satour said.

These investigations should be finalised by mid-1990. — Sapa

HOUSE OF REPRESENTATIVES

QUESTIONS

† Indicates translated version.

For written reply:

General Affairs: Hansard 4/5/90

Persons: expropriation of property

7. Mr T R GEORGE asked the Minister of Planning and Provincial Affairs:

Whether he will furnish particulars of persons who have lost property by expropriation since 1948; if not, why not; if so, (a) how many (i) Whites, (ii) Coloureds, (iii) Indians and (iv) Blacks are involved and (b) (i) what areas were affected and (ii) on what dates? C25E

The MINISTER OF PLANNING AND PROVINCIAL AFFAIRS:

The Department of Planning and Provincial Affairs has not been responsible for any expropriation of properties. This was done by the erstwhile Department of Community Development. Since the inception of Own Affairs the various Own Affairs Administrations passed their own expropriation legislation. The information required is therefore not available and (a) (i), (ii), (iii), (iv) as well as (b) (i) and (ii) consequently fall away.

Action against coloured persons in certain areas

8. Mr T R GEORGE asked the Minister of Planning and Provincial Affairs:

(1) Whether it is his intention to take steps against people of colour residing in the areas of (a) Mayfair, (b) Homestead Park, (c) Hillbrow and (d) Berea; if so, (i) what steps and (ii) why; if not, why not;

(2) whether he will make a statement on the matter? Hansard 4/5/90 C26E

The MINISTER OF PLANNING AND PROVINCIAL AFFAIRS:

(1) As Mayfair, Homestead Park, Hillbrow and Berea are situated within a White group area which falls within the ambit of Own Affairs the question should be addressed to the Ministers' Council: House of Assembly.

(2) Falls away.

TPA: camping resorts

19. Mr T R GEORGE asked the Minister of Planning and Provincial Affairs:

(1) (a) How many camping resorts falling under the control of the Transvaal Provincial Administration are there in that province for (i) Whites, (ii) Coloureds, (iii) Indians and (iv) Blacks and (b) what are the names of these resorts in each case;

(2) whether he will make a statement on the matter? Hansard 4/5/90 C52E

The MINISTER OF PLANNING AND PROVINCIAL AFFAIRS: 288

(1) (i) Whites — none.

(ii) Coloureds —

(a) One resort.
(b) Roodeplaat Dam.

(iii) Indians —

(a) One resort.
(b) Roodeplaat Dam.

(iv) Blacks — none.

(2) No.

Vaal River resorts: amenities

20. Mr T R GEORGE asked the Minister of Planning and Provincial Affairs: 288

(1) What amenities are available to each population group at each of the Vaal River resorts falling under the control of the Transvaal Provincial Administration;

(2) whether it is his intention to declare these resorts open to all population groups; if not, why not; if so, when;

(3) whether he will make a statement on the matter? C53E

The MINISTER OF PLANNING AND PROVINCIAL AFFAIRS: Hansard 4/5/90

(1) There are no Vaal River resorts under the control of the Transvaal Provincial Administration. Camping, barbecue and ablution facilities are presently being developed for all race groups at the Vaal Dam. These facilities will upon completion, not be managed by the Transvaal Provincial Administration but will be privatised.

(2) Not applicable.

(3) No.

INTERPELLATIONS UNDER NAME OF MEMBER

Sun International ready to ditch Comoros hotels

(288) S/Times 6/5/90

By David Carte

SUN International will walk away from its hotels in the Comoro Islands if negotiations with the new Government are not successful.

Managing director Ken Rosevear says his company does not yet know what the Government's attitude is to taxes, levies and imports.

The Government, which seized power in a coup, is Islamic — as was its predecessor. Sun International still has to find out whether it objects to gambling and Western dress (or undress).

Mr Rosevear says: "So far we have not been able to communicate with the authorities. If we don't get the right answers by certain deadlines, we will consider disinvesting and cutting our losses as best we can.

"But if the new Government accommodates us, we will reopen. We will reinstate our weekly Boeing 737 flight every Saturday — and South Africans will be able to enjoy these beautiful Indian Ocean islands for the bargain price of R2 500 to R3 000 a week.

Potential

"Before the troubles, occupancies were good — about 63% — and they were getting better. We think the islands have great potential."

Before the coup last year, women bathers on the Comoros followed Mauritian practice and shed their tops, according to Mr Rosevear, without causing undue offence.

"The few topless ladies confined themselves to beaches. There was no question of anyone walking into a mosque wearing a bikini. The issue of dress is hardly critical. The islanders seem relaxed. There are none of the dress restrictions of Malawi, for instance."

The bigger of Sun International's two hotels was closed in January shortly after the coup. Its staff is on paid leave, and the hotel is being maintained and repainted. The smaller hotel remains open.

Mr Rosevear says: "Many people think we stand to lose R60-million to R70-million, but that's not the case. We do not own the buildings. We merely rent them.

"We have 70% of the operating company. It is possible to sell our assets there. If we need to, we can bring back moveables."

The property is owned by a consortium of investors, in which the Government of the Comoros has a major stake. The IDC has granted loans and Credit Guarantee is also involved.

The consortium took it over after the original developers ran out of money.

If Sun International walks away, the property owners would have to find another management company — and that would not be easy if the Government did not allow a friendly environment for tourism.

Back to baking on Comoros beaches . . .

Star 7/5/90 By John Miller 288

Sun International hopes to re-open its resort-hotel Le Galawa Sun on the Comoros Islands by July if negotiations on concessions for lower food and beverage duties are successful.

Group Marketing Director, Mr Ernie Joubert, said negotiations were taking place with the Comorian government regarding the lowering of import duties on liquor and food and the lowering of electricity rates.

He hoped an agreement would be reached within the next two months.

These reductions would mean tariffs could be held at last year's levels or lower.

Le Galawa Sun was closed in January this year after the islands' government was overthrown in November, ushering in a period of political instability. However, after elections in March this year, the area stabilised. The smaller Itsandre Sun has remained open.

South African Airways has experienced a drastic reduction of passengers bound for the Comores. During the peak in July and December last year the airline operated two direct flights a week to the Comores. Since January this year they have flown once a week to the islands, via Malawi.

80

9 Star 7/5/90 (288)

SA could have a record 1-m tourists in 1990

Own Correspondent

DURBAN — South Africa is likely to attract a record 1 million tourists this year, delegates at a tourism conference in Durban will be told this week.

Nearly 500 delegates from 38 countries are expected to attend Indaba/Focus, which is being arranged by the SA Tourism Board in conjunction with SA Airways. It is being billed as Africa's largest trade fair.

Among the countries represented for the first time will be Bolivia, Poland, the Ivory Coast, Hungary, Zambia, Norway, Cyprus and Singapore.

According to Tourism Minister Mr Kent Durr, the local industry now earns R5 billion a year.

"I can see tourism becoming one of our major industries, if not *the* major industry," he said.

Leisure and entertainment were already the biggest industries worldwide.

Latest figures showed that 1989 proved to be a watershed for South African tourism, with 930 393 visitors — more than 15 percent up on the previous year and the best results ever. Mr Durr said he expected the industry to top 1 million arrivals this year.

Most visitors came from Europe, with Britain and West Germany topping the list. Most of these were quality tourists — well-heeled and sophisticated travellers prepared to travel long distances to get away from it all and enjoy a country which was unspoilt and filled with a kaleidoscope of cultures.

Their average holiday lasted 3½ weeks, as compared with Europe where mass tourism made for holidays averaging 3½ days. The result was that European holiday venues had become overrun, Mr Durr said.

South Africa was not interested in competing for any travellers other than so-called quality tourists, but even so the country was already at peak capacity in dealing with them.

Instability

Surveys showed they were attracted to SA for a wide range of reasons, including the differing scenery, animal and plant life, and food and wine. They also came here because many African countries, previously prime destinations, now offered inferior standards or suffered from instability.

In SA, by contrast, they were assured of instant medical care (a major factor with elderly travellers) and were able, for instance, to view a primeval forest from the comfort of a bus.

In addition to generating foreign exchange, tourism also created jobs. It was estimated that the arrival of each tourist created seven jobs.

According to Mr Durr, "normalisation" of the South African political scene would see tourism taking off.

Star 8/5/90 (288) (169)

NEWS

A-G asks police to probe holiday points companies

Star Line

JUNE BEARZI

The Attorney-General's office has asked the commercial branch of the police to investigate the Flexi Club Foundation and Summer Leisure International holiday points venture saga after receiving complaints from investors.

This is the latest development in the "inflation-beating" vacation scheme run by Mr Larry Botes and Mr Bill Nosworthy into which investors poured millions of rands.

Shortly after Star Line highlighted investors' dissatisfaction with the scheme last year, the Harmful Business Practices committee stepped in to probe the operation of the two companies and the activities of Mr Botes and Mr Nosworthy.

According to a Harmful Business Practices spokesman the investigation was still compiling a report. This would enable the committee to determine whether the holiday scheme's management or the companies they ran had been guilty of any unhealthy business practices.

However, it would appear that the holiday empire is crumbling financially as the marketing arm, Summer Leisure, was placed under liquidation last month when Epsom Downs Properties of Sandton sued for R181 220 in outstanding rent on the four-year lease on their Bryanston premises.

Flexi Club Foundation, however, remains intact, and several legal experts maintain it has been constituted in such a way that there is great uncertainty as to whether or not it can be liquidated.

One legal expert told Star Line:

"It is a ghost-like body similar to a trust into which the public has invested and it is difficult to say what can be done about it because of the way it was constituted."

A police spokesman has confirmed that investigations were underway after a complaint was received through the Attorney General's office.

Liquor business a sticky wicket for Pollock

(288) BDay 9/5/90

BRENT MELVILLE

CRICKETING legend Graeme Pollock is doubtful he will recoup much of his investment — which sources estimate at more than R300 000 — from his liquor distributorship Bartels Import International, formed to import the liquor range from Bartel Rawlings UK.

His team, including ex-Springbok Eddie Barlow and bowls champion Doug Watson, initially ran into financial trouble when it became involved with former Sterns chairman Maurice Jacquesson. Jacquesson purchased World of Music's 51% holding in Bartels (Pollock holds 24%) last February.

WOM chairman Peter Cooke said yesterday Pollock had approached WoM in December 1988. "The original deal was that WoM would supply credit facilities through Standard Bank.... The idea was also to offer immediate access to the liquor outlets of the Blue Marlin and Protea Hotels." (WoM's 21% interest in Protea has since gone to Rand Merchant Bank.)

Protea Hotels MD Otto Stehlick said this week there had been no formal connection.

Cooke said a "hiccup" had developed from the UK supplier: "A tripartite agreement was then entered into with Sterns, whereby Sterns would guarantee overseas creditors.

WoM subsequently sold its 51% holding to Jacquesson for R60 000 and it was agreed that WoM, Pollock and Watson would be released from obligations to Standard.

Cooke claimed the terms of the contract were not fulfilled.

Bartels was put under provisional liquidation and WoM's application to have Sterns liquidated last December was postponed to February 6. Sterns subsequently undertook to make a settlement to Standard.

Cooke said he had had confirmation that Sterns had settled with Standard Bank, and payment of the outstanding monies to WoM was expected "soon".

New deal for liquor outlets

MICHAEL FRIDJHON

TRADE and Industry Minister Kent Durr will announce this week the final details of his department's policy regarding vertical integration in the liquor industry.

Vertical integration is the term used to define ownership of retail outlets by producer/wholesalers. (288)

Responding to widespread industry dissatisfaction with the proposals formulated by his predecessor Danie Steyn, Durr called for an extensive investigation of the views and needs of interested parties. His package differs substantially from Steyn's 1989 deal and includes the following details. B Day 10/5/90

Producer/wholesalers will not be permitted to increase the number of retail licences they were authorised to acquire in the 1983 liquor industry dispensation. This means chains will range in size, with a maximum possible number of licences in one chain of 300.

All other chains will be limited to 12 liquor store licences or 36 grocers' wine licences. However, an annual extension of up to six additional licences may be granted with ministerial permission, and more than six with Cabinet approval.

Since Steyn's proposal enforced the selling off by producer/wholesalers of their retail interests at the rate of 10% plus one of their retail licences each year, and pegged all other chains at a maximum of 36, the new package suggests a substantial change in policy.

Durr explained his motivation for the change by saying that it was a pragmatic way of getting a swift decision to instil

□ To Page 2

Liquor outlets B Day 10/5/90

288 □ From Page 1

confidence in the industry.

"Instead of dislocation by executive action, I want to deregulate by degree," he said. He pointed out only 14% of the industry's licences were connected to the problems of vertical integration. The producer/wholesalers were in the process of selling down their licences and "I want them to continue to have confidence to move in that virtuous direction."

Former Fedhasa president and MD of the Aroma Liquor Group, Mike Kovensky believed Durr's proposal was the best possible compromise. "Ideally we would like the producer/wholesalers barred from ownership of retail stores.

"However much they may claim to operate them at 'arm's length', there is always the possibility that they will be used to distort the trade. The spectre of selective discriminatory discounts hangs over them.

"However, I do accept that things are moving in the right direction and in the absence of perfect competition, any intrusive action by the Minister may have undermined the avowed intention of encouraging competition."

While Pick 'n Pay's Raymond Ackerman was not available for comment, he is on record as saying that he welcomed any decision which would enable his group to increase the number of its wine licences beyond the 36-store ceiling.

No doubt many retail licensees will also respond positively to the new arrangements. They may feel threatened by the producer/wholesaler's entrenched right to own up to 300 stores. However, Steyn's 1989 arrangement would have led to widespread selling off of retail licences by the major producer, with the value of licences falling accordingly.

Afcol results dampened by heavier interest bill

B Day 10/5/90

SYLVIA DU PLESSIS

STIFF competition and sluggish consumer spending in the year to March failed to hamper turnover growth at Associated Furniture Companies (Afcol), but a heavier interest burden filtered down to earnings only 12% up at 190,3c (170c) a share.

The JSE-listed group raised turnover by 21% to R701,4m, but an interest bill of nearly R20m (R12,7m) translated into attributable earnings of R46,7m, compared with a corresponding R41,6m.

A final dividend of 42,5c has lifted total distribution to 95c (85c), twice-covered.

On the balance sheet, strict management of working capital demands contained the increase in net assets to 10% in spite of the higher level of turnover, and gearing improved to 41% (44%).

Executive chairman Laurie van der Watt, in a statement accompanying the results, said quarterly private consumption expenditure growth rates had declined to an estimated nil growth in the March 1990 quarter.

"Against this backdrop, and extremely competitive trading conditions, Afcol performed well to achieve a turnover growth of 21%," he said.

Van der Watt said the continuing application of stringent fiscal and monetary restraints expected in the months ahead would continue to "severely inhibit" consumer demand.

"In this scenario of reduced demand and increased competitive pressures, Afcol will be hard-pressed to achieve the results of the past year, although it is well-placed to take advantage of any improvement in trading conditions."

Reunert earnings boosted by exports

BDay 10/5/90

ZILLA EFRAT

REUNERT's attributable earnings grew 32% in the six months to March — in spite of difficult trading conditions — after being boosted by exports.

Reunert, a member of the Barlow Rand group, achieved earnings of 80,1c (61,1c previously) a share. A dividend of 22c (18c) a share was declared, up 22% and covered 3,6 (3,4) times.

The results are in line with chairman Clive Parker's forecast that Reunert's growth in earnings would be satisfactory in the current year, but at a lower rate than the 56% jump in the 1989 financial year.

Exports again boosted earnings of this electronic, telecommunications and electrical engineering group.

MD Tony Ellingford says the continued higher offshore earnings are the result of an export drive started six years ago. Reunert continues to design and develop products for export.

However, Ellingford says trading conditions are tough.

The group's electronics engineering interests have felt the effects of the economic downturn.

In addition, uneasy industrial relations have made life difficult for certain companies.

While turnover rose 21% to R651,4m (R539,8m), operating profit improved 35% to R52,4m (R38,9m) because of management of costs.

The interest bill, however, soared to R11,1m (R3,2m) reflecting higher interest rates and the increased borrowings needed to finance working capital.

This saw interest cover fall to 4,7 (12,3) times and pre-tax profits rise 16% to R41,3m (R35,7m).

However, a slightly lower tax rate and a 35% rise in the share of associated companies' profits contributed to the rise in attributable profits to R21,1m (R19m).

Net borrowings to shareholders equity remains at 33% and total liabilities to total shareholders funds lowered to 156% (167%).

Directors expect trading conditions to remain difficult in the second half, but they say exports will continue to make a meaningful contribution to earnings.

Indications are the results for the full year will show satisfactory growth, although not at the same level as the first half.

Play tough for toy wholesaler

PIERRE DU PREEZ

REDGWOODS Holdings' August interims could be worse than the finals to end-February just announced, CE Allen Muirhead indicated yesterday. But he said the toy retailer and wholesaler "could have turned the corner".

"Results in August are not going to be good," he said, adding things would have to get worse before they improved.

Redgwoods shares are currently priced at around 20c after trading above 100c at flotation in 1987.

Muirhead said all the corrective measures were in place for a recovery and company overstocking had been rectified.

Improvements now depended on the state of the economy. Trading conditions were still very tough.

A retail analyst said Redgwoods's problem last year had been one of stock.

"The bottom-line was that stock holdings were quite high," she said.

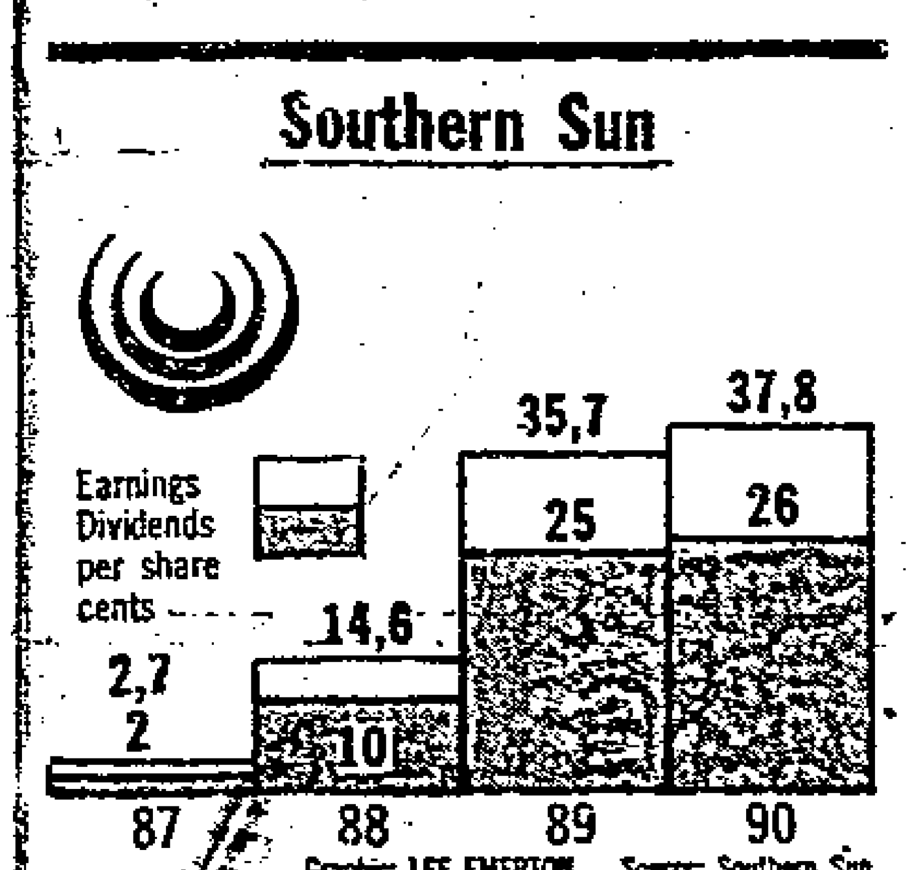
B Day 10/5/90

On the margin decrease from 11% to 5%, she felt the idea was "not too far-fetched at all" that some stock was sold below cost. Muirhead denied this, saying some stock was sold at low margins but not below cost.

Escalating debt takes some shine off Southern Sun

BRENT MELVILLE

288



Graphic: LEE EMERTON Source: Southern Sun

THE cost of maintaining SA's premier group of hotels took some of the lustre out of SAB-controlled Southern Sun Hotel Holdings (Suthsun) in the year to end March as its interest bearing debt escalated sharply. B Day 10/5/90

Earnings improved by a marginal 6% to 37,8c (35,7c) a share, on attributable profits of R26,5m (R25m) — slightly ahead of analysts forecasts. A dividend of 26c (25c) a share was declared.

The performance puts the share, at 600c, on a dividend yield of 4,3% and a p:e rating of 15,9 times, compared to the sector averages of 3,2% and 14,6.

Group interest bearing debt increased by R54,7m to R323,5m (R268,8m), attributed by directors to further investment in refurbishments and maintenance.

The heightened debt pushed gearing to 64% (59%) although the group improved its cash deposits to R29,7m (R7,5m). Directors believe capex budgeted for this year, including R42,5m relating to the acquisition of the Drakensberg and Airport Sun properties, should not affect gearing.

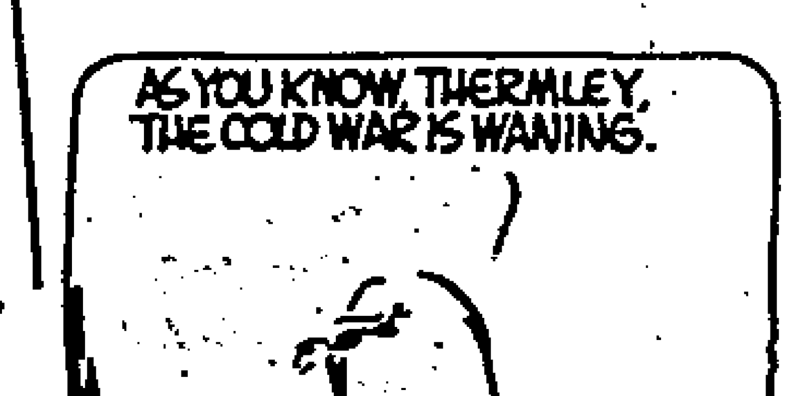
Although operating profit almost doubled to R28,2m (R14,7m), with receipt of dividends chipping in an additional R22,7m (R18,3m), financing costs climbed by 85%, slashing off R34,4m (R18,6m).

Directors say that the results were significantly affected by action taken by authorities to cool local consumer demand.

"The impact was partially reduced by the improvement in overseas tourism, and real growth in the annual occupancy rate improved to 64% (62%), ahead of the industry," say directors.

A modest improvement in earnings this year is expected.

EXECUTIVE SUITE



Medipark Clinic

Escalating costs hit Southern Sun

STAR 10/5/90 288

By Sven Lünsche

A 92 percent rise in operating profits by hotel group Southern Sun reduced to a six percent increase at the attributable earnings level as a result of sharply escalating financing costs.

In the year to end-March Southern Sun's turnover rose by 21 percent to R471,9 million (R390,4 milion) and operating profits surged by 92 percent to R28,2 million (R16,7 million).

But net financing costs virtually doubled to R34,4 million (R18,6 million) as interest bearing debt increased by R54,7 million to R323,5 million (R268,8 million).

The higher costs, which also pushed up gearing to 64 percent at the end of March, followed on further investments in the refurbishment and maintenance of the group's hotel properties and the higher level of interest rates.

The economic slowdown also resulted in a drop of local business-relatd and holiday packaging occupancies, although the improvement in overseas tourism helped overall occupancies to increase marginally from 62 to 64 percent.

Attributable earnings were up by six percent to R26,5 million (R25,1 million), equivalent to earnings per share of 37,8c (35,7c). The final dividend was raised from 25c to 26c a share.

Finance costs knock Suthsun

CT Times 10/5/90 (288)

JOHANNESBURG. — Southern Sun Hotel Holdings (Suthsun) financial statements for the year ended March reflect the effects of downward pressure on both business-related and holiday package conditions in the second half of the financial year.

The group still managed a 21% rise in turnover which translated into a 92% increase in operating profit to R28,23m (R14,69m).

This was achieved in spite of significant wage increases and inflationary presures on operating costs.

However, this increase was eroded by a near doubling in net finance costs as a result of high interest rates and increased borrowing levels, together with a decline in retained attributable earnings of associates.

Financial statements released yesterday show that the group nevertheless achieved a 6% increase in attributable earnings to R26,5m (R25,11m), representing earnings of 37,8c (35,7c).

A dividend of 26c (25c) was declared.

Net group interest-bearing debt increased by R33,1m in the year mainly as a result of further investment in the refurbishment of hotel properties and moved the gearing ratio to 64% at year-end.

This ratio is not expected to be adversely impacted by capital expenditure budgeted for the year, which includes R42,5m relating to the acquisition of the Drakensbrrg Sun and Airport Sun hotel properties.

Hotel occupancies are expected to decline overall, but the directors feel that the group is well-placed to take advantage of any further improvement in foreign tourism.

Management expects to hold occupancies, which stood at 64% for the past financial year, for the coming year. Accordingly a modest improvement in earnings is expected for current financial year. — Sapa

New deal for charters will boost tourism

Cape Times 11/5/90

288

Staff Reporter

THE government has made a vital concession in this week's announcement of charter flights to South Africa — the aircraft bringing tourists in will be allowed to carry South African passengers on their return flights.

The so-called "upliftment" rights, announced by the Minister of Trade, Industry and Tourism, Mr Kent Durr, will help local tourism operators.

Mr Durr said the intention of the policy was to relax previous rigid control over charter flights.

However, the new rights would be allowed subject to approval from the National Transport Commission.

Restrictions on the right to carry South African passengers on outbound flights have in the past made international charter ventures financially unattractive to local operators.

It was the refusal by transport authorities to grant these rights to Cape-based company Masterleisure which forced the company to close the Christmas season charter venture it launched last year.

Without upliftment rights there is the likelihood that return flights will be half empty or that carriers will be grounded until the first foreign arrivals, who are likely to visit for an average two weeks, are ready to return home.

Mr Durr said that single or ad hocs flights, including charters over routes where no scheduled services were operated, round-the-world charter flights and other drop-in charters which included South Africa in a broader itinerary, would receive favourable consideration by the National Transport Commission.

Private sector operators and travel agents said yesterday that these services had all been available — subject to approval — before the policy was revised.

A significant condition of approval was the requirement that passengers on the charter services demonstrate through the applicant operator that they had spent a significant amount of money during their stay in SA. This would pressure the operators to sell package deals, including accommodation, industry spokesmen said.

Mr Durr said government would not adopt a totally deregulated policy which would promote cheap mass-charter air traffic because it would be harmful to scheduled carriers and would lead to the development of low-income tourism which would not benefit the country.

He said the policy represented the most responsible method of achieving the development objectives of South Africa's tourist industry, while maintaining a healthy network of scheduled services to and from SA.

Tourism bodies said yesterday that billions of rands could be injected into South Africa's tourism industry following the decision.

Captour chairman Mr Louis Kreiner said yesterday that the move was one of the "most exciting" happenings in the tourism industry to date and that it could result in billions of rands being injected into the South African enonomy.

Mr Kreiner said tourism could become the country's largest industry before gold and that South Africa could become "the tourist destination in the world".

Association of South African Travel Agents (Asata) president Mr Rupert Lawlor agreed with Mr Kreiner but maintained that the charters should be geared for out of season.

LIQUOR RETAILING (288) FM 11/5/90

Inviting the market back in

In a move to loosen the retail liquor trade and promote competition, government is reversing its policy on ending the industry's vertical integration and scrapping restrictions on the number of retail outlets liquor store chains and supermarket groups may operate.

Trade & Industry Minister Kent Durr says the pitfalls of the old policy became apparent in wide-ranging discussions with industry leaders. "It was clear that in the well-intentioned act of trying to promote competition, we would in fact be destroying it and distorting the market."

The new policy, implemented this week, allows for a gradual but unlimited increase in the number of retail outlets owned by groups that are not vertically integrated. And it pegs the number of outlets the vertically integrated groups may own at the levels set by government in 1983. In some cases this will allow for considerable expansion, though the current trend is for the groups to reduce the number of their outlets.

The vertically integrated groups are the producers and wholesalers — such as Stellenbosch Farmers' Winery and Distillers Corp — that have their own retail outlets and use them to launch and promote their own products and generate revenues.

Retail chains may now grow without restriction to a maximum of 12 outlets. After that they can apply to the minister for permission to expand by up to six new outlets a year. Cabinet approval will be needed for a higher expansion rate.

Supermarket groups will be allowed unrestricted growth to 36 outlets, then they too will be subject to ministerial and Cabinet approval for expansion.

Last year, former Trade & Industry Minister Danie Steyn shocked the major players by announcing a restructuring to phase out vertical integration. That would have meant producers and wholesalers would have been forced to get rid of their retail outlets over a 10-year period. As a concession to retail groups, Steyn increased the maximum number of outlets they could own from 12 to 36.

The policy meant the big vertically integrated groups, including Gilbeys, Union Wine and Douglas Green, would have had to unload more than 300 outlets.

At the time, retailers welcomed the increase in outlets and the curbing of what some saw as the inordinate power of the vertically integrated groups. Their jubilation was understandable; turnover in the retail liquor trade last year was estimated at around R6bn. But the producers and wholesalers didn't like the new deal one bit.

Neither did Durr, Steyn's successor. He went to President F W de Klerk, who gave him the go-ahead to rewrite the policy.

Durr says competition at the retail level is undeniable. Only about 14% of the more than 3 900 retail licences are held by the eight vertically integrated groups and the trend is for them to drop outlets rather than acquire more. In addition, government is moving towards a far more liberal liquor licensing policy that will allow easier entry for the small dealer.

Owning a retail liquor outlet is not as attractive as it used to be. Entry is becoming easier and competition is fierce. Margins are cut to the bone.

Market distortion was another reason why Durr chose to rewrite the regulations. There was a prospect of the producer-wholesalers

The competition won't be getting any easier

selling off their retail outlets in batches of 36, thus creating a new type of concentration. "We would have distorted the market and created groups that didn't exist before. My feeling was that we had to let the market do its own thing."

Durr was out to restore confidence after the confusion following last year's announcement. He is confident the trend in the vertically integrated groups of getting rid of outlets will continue and there won't be a mad scramble to expand.

"I could have pegged their number of outlets at current levels or negotiated new levels, but I believe it's unnecessary. Groups are selling off and indications are that they will continue to do so. If the trend reverses, I will have to look at the whole situation again.

"Liquor is a long-cycle industry. Uncertainty is dangerous. We have to treat it with kid gloves. I believe this new policy allows all players to know where they're going and that's important."

Mike Kovensky, Aroma Group MD and a former Federated Hotel, Liquor & Catering Association of SA president, agrees. "When I was Fedhasa president I appealed for certainty in the liquor industry. This is the first time in 10 years that we've had it."

He doesn't believe the vertically integrated groups will use the retail power they now retain to disrupt the market. "They haven't been guilty of disruption for years. Though it could re-occur, it's unlikely."

Kovensky says small retailers may regard the growth concession to supermarket chains as inequitable. The supermarkets already have established retail outlets and simply need to apply for liquor licences; establishing a new retail outlet from scratch is difficult and capital intensive.

Pick 'n Pay chairman Raymond Ackerman welcomes the new deal. "We've been fighting for years to be allowed to increase our number of liquor outlets. The quota of 36 prior to last year was set arbitrarily because we happened to have 36 outlets at the time. We now have 112 stores, which means most of them can't sell wine."

Ackerman says Pick 'n Pay will go all out to expand. He says additional outlets in supermarkets coupled with good marketing will benefit wine farmers. He flatly rejects criticism that supermarkets use wine sales as a loss leader to attract customers to more profitable lines. "All our wine outlets are profitable and will remain so."

However, not all liquor industry watchers are enthusiastic about the new deal. Liquor consultant Michael Fridjhon says it's unfair that government is entrenching a system that has been severely criticised by the Competition Board. In 1983, government rejected a board recommendation that the powerful industry leader, Cape Wine & Distillers, should be broken up. *Chris Friemond*

JAN SMUTS AIRPORT

Time to go private?

With the proposed R65m upgrading of Jan Smuts Airport expected to be outdated by the time it's completed (*Business* May 4), the time may have arrived for the private sector to step in. FM 11/5/90

Bringing the airport up to international standards could involve an investment of R600m-R800m, funds that are way beyond government's capacity when viewed against its spending priorities. The only solution may

GETTING SUNBURNT IN THE COMORES

FM 11/5/90

Sun International is playing hardball with the new Comorian government. It wants lower import duties on food and beverages — and a drastic reduction in the price of electricity — as a condition for keeping open the 20-room Isandra Sun and reopening its 82-room Le Gawala Sun.

Marketing director Ernie Joubert says D-day is the end of June. If the archipelago's government does not make the concessions, or fails to respond, "we'll cut our losses and pull out," promises Joubert.

Sun International owns only furnishings and equipment in the hotels. It rents the buildings from Novell Socotel, a Comorian company partly owned by the Moroni government.

The hotel group wants to attract tourists to Le Gawala by charging 10% less than it does at La Pirogue in Mauritius, one of its other Indian Ocean operations, but high duties set by the new Comorian government makes this impossible, Joubert says.

Very little is produced on the island so hotels have to ship in all their food and liquor. "That's expensive. For example, we have to charge R7 for a beer. Moreover, air-conditioning is essential but, because electricity is so terribly expensive, it adds tremendously to the cost of operating the hotel."

Despite the economic problems — and the turmoil caused by the assassination of President Ahmed Abdallah late last year — MD Ken Rosevear sees a bright future for the Comores operation. Six months after start-up, occupancy reached 63%. Last July and December it reached 85% and extra flights had to be scheduled.

Joubert estimates it will take only two months to get Le Gawala, which closed in January, functioning again. The staff was put on paid leave.

"It was agonising having to close the hotel; we were just breaking into the European market. But there's still a lot of interest and we will be comfortable selling the destination again because of the improved political climate in the islands. They have the potential to become one of the classic destinations in the Indian Ocean."

By BOETI ESHAK

No booze or bacon in this hotel!

288

13/5/90

A NO-BOOZE, no-bacon hotel has been opened in the heart of the Free State.

And the new Indian owner claims he is doing exceptionally well in strife-torn Welkom — the scene of violent racial friction.

Former textile wholesaler Goolam Sibda recently took over the one-star Los Angeles Hotel.

He has since renovated the establishment, turned it into a three-star hotel and renamed it the Los Angeles Hotel and Health Spa.

S/Times 13/5/90

Invested

He says: "My no-booze, no-bacon policy has met with overwhelming support from all sections of the community. As a Muslim, I cannot be involved in any way with liquor or pork products.

"If any one wants liquor, there is an outlet right next to the hotel with which I have no connection.

"I have not encountered problems with any one — either from the Left or the Right. In fact, the locals encouraged me all along. Most of the guests appreciate the no-booze, no-bacon ruling."

Mr Sibda said that when he ran his wholesale business he established strong links with stores on the Free State Goldfields.

But whenever he travelled through the area, he encountered problems in finding something to eat. Halaal (kosher) food was unavailable.

He then decided to invest more than R2-million in the hotel.

"There are many Indian and Jewish salesmen who visit the Goldfields and for them, my establishment is a haven," Mr Sibda added.

Spa

"Apart from providing them with accommodation, food is no longer a problem for them."

Mr Sibda's staff was recruited from hotels in Durban. The manager and executive chef is Cassim Osman, formerly of the Four Seasons Hotel in Durban.

The hotel's specialities are seafoods and curries. It has a well-equipped health spa and offers hydro-therapy and a plunge pool.

● The Hotel Board said the sale of liquor to guests was not a prerequisite for the grading of a hotel.

SA tourism set to double, says Fedhasa

CT Times 14/5/90

(288)

Own Correspondent

JOHANNESBURG. — Black travellers are set to catapult the SA tourism industry into the R8bn-a-year bracket in the next 10 years.

The Federated Hotel, Liquor and Catering Association (Fedhasa) says the tourism market could virtually double in size to 20m domestic and overseas visitors, with the major growth expected from the black market.

Transport consultant Paul Browning says the 1990s will see black people increasingly buying "mainstream" domestic and international packages.

In a comprehensive study of the industry, circulated among parliamentarians and other interests, Fedhasa highlights the enormous growth that can be expected of an industry that currently generates about R4bn a year.

But it says there are serious doubt whether regional tourism infrastructures will be able to cope with an increase of between 50% and 100% in tourism inflows.

The publication welcomes the inclusion of tourism in the portfolio of Minister Kent Durr and the constructive role he is already playing, particularly in initiating two studies aimed at producing a future blueprint for the tourism industry, says Fedhasa.

However, these research efforts will only bear fruit if the tourism industry continues to be regularly consulted and fully involved.

Writing in the latest issue of Black Enterprise Magazine, Browning says the growing travel industry designed specifically to cater for black needs would contribute greatly to the overall gain.

"Until a few years ago black participation in the travel scene was a rarity. The reasons included the widespread restrictions which applied to both accommodation and facilities," writes Browning.

"Then, with increasing incomes, black families began to patronise city-centre hotels at weekends . . . today, many hotels recognise that without the income from these black customers, their bottom lines would be a lot less healthy."

Browning says today there are blacks — mostly executives of major companies — who travel far afield in SA, Africa and overseas.

"The big breakthrough will come with the next group. These are the tellers, supermarket managers and clerical staff in big companies. They are on 'equal pay' jobs, and with the emphasis on black advancement, their numbers are growing all the time.

"They will be joined by the hundreds of thousands of small businessmen who are taking advantage of the opportunities offered by the new economy."

Browning says it is in the interests of the established travel trade and authorities such as Satour to help the development of the black travel industry.

Fedhasa's document lauds government for its reported intentions to scrap the Separate Amenities Act, reiterates the organisation's view that school holidays should be staggered between the different provinces, welcomes the introduction of VAT, but criticises the lack of tourism road signage.

Overall, says Fedhasa, government should be giving equal attention to the needs of the tourism industry "and not only concentrate on the needs of other segments of the economy".

SA in line for freebie top spot

S Times 20/5/90 288

By Charmain Naidoo

SOUTH AFRICA could become a favourite destination for foreign businessmen after sanctions are lifted, says international incentive marketing expert Christopher Bonn.

He estimates that incentive freebie trips for businessmen could be worth R50-million a year.

Mr Bonn, principal of the Jersey School of Motivation, is in SA to prepare for the development of such a market and to speak to the Tourism Board.

He will also hold seminars for travel agents to show how to market SA and how to host specialised international business groups.

Mr Bonn believes that SA has been neglected as an incentive destination because of sanctions.

"Once restrictions are lifted, the climate, beauty and hotel infrastructure in SA will make it a world leader in this market.

"Marketing this country as an incentive destination will involve reshaping the tourist industry in preparation for an upsurge in demand for trading relationships."

"British industry and commerce spend £262-million a year on incentive travel packages, and the figure runs into billions of dollars in the US, so the sky is the limit for SA.

"The average visitor would stay for 10 days on a budget of £2 500 and belong to a party of about 100.

"We should have no difficulty in sending 50 such parties a year."

He believes that one of the spin-offs will be breaking of the seasonal tourist mould.

Bridges

"It will also provide a way of building bridges burnt through sanctions.

"This is a wonderful means of communicating with the corporate sector worldwide. It accelerates the dissemination of information and real-life as opposed to distorted media impressions," Mr Bonn says.

Outlining the difference between incentive travel and ordinary tourism, Mr Bonn says: "Tourism packages generally run on a minimum management structure worldwide.

"There are low profit margins because of competition and the exchange rate is often an improtant consideration.

"Incentive travel is exactly the opposite. It requires lots of senior management involvement.

"Price is not a dominating factor because the equation is not what is saved, but how much much more profit is generated by motivation."

BDay 22/5/90

Hotel sector led JSE pack

ROBERT GENTLE

THE beverages, hotels and leisure index was the JSE's top performing index in the year ending February 1990, showing an overall increase of 70,4% during the period under review.

Second was the tobacco and match index (56,6%) followed by food (55,2%), mining finance (47,4%), retailers and wholesalers (46%) and transportation (44%).

According to recent JSE figures, the industrial related sectors lagged behind the more retail/consumer oriented ones. (288)

The key changes in these industrial related sectors were the industrial holdings index (39,8% up), industrial (34,5%), engineering (28,8%), motor (19,6%), pharmaceutical and medical (7,6%) and building and construction (5,9%).

Four indices showed negative growth: electronics (-16,9%), fishing (-6,2%), investment trusts (-5,3%) and steel and allied (-3,4%).

Hotels prepare for foreign tourism boom

(288) BDay 22/5/90

LESLEY LAMBERT

CAPE TOWN — Leading South African hotel groups already benefiting from growth in foreign tourism have been told by international tour agents to expect further substantial increases in the number of visitors this year.

After the recent Durban Indaba/Focus which attracted a number of international tour operators on the lookout for holiday packages for their clients, some local hotel groups have increased their estimates of business from foreign visitors.

The Protea Hotel group expects to earn R35m, out of estimated turnover of R220m, from foreign tourism during its 1990/91 financial year. This represents a 60% rise on the previous year.

Southern Sun Hotels, which attracts the lion's share of foreign tourism — about 80% of the market, according to its marketing spokesman — is expecting to see growth of between 15% and 20% which comes off the high base of last year's 75%

Foreign business accounts for up to 20% of the group's turnover, which means it could earn about R120m from this source during its current financial year.

The majority of visitors to SA are German and British, but tourism agents and hotel groups report increasing interest from the US, Italy and Spain.

Last year the SA Tourism Board (Satour) reported a record 16% growth in foreign tourism. Earnings from the 930 393 foreigners who visited SA last year, excluding air fares, amounted to a record R1,9bn in an industry that is estimated to be worth about R5bn.

The growth in numbers and earnings is attributed to improved perceptions of SA's political future and also to its weak domestic currency.

Drive to make shebeens legal

ARGUS 24/5/90

288

By MICHAEL DOMAN, False Bay Bureau

AN organisation which aims to see South Africa's thousands of shebeens legalised has been on a national recruiting drive.

The National Shebeeners' Association has since March been meeting with shebeeners nationwide to discuss their needs, said NSA general-secretary Mr Dan Fletcher.

He added: "We know shebeens are illegal, but if we formulate a code of conduct, we would like to approach the relevant government department with a view to shebeens becoming legal."

MANY PROSECUTIONS

Mr Fletcher said that although some shebeens in black townships were legal, many illegal proprietors were prosecuted every week.

It was hoped that the NSA would also be able to put an end to alleged harassment, threats and "robbery" of shebeeners by various authorities.

An important first step would be to insist on high standards for all owners, to counter claims that shebeens are a breeding-ground for drug-trafficking and gangs.

Because they are mostly in residential areas, shebeens have traditionally been opposed by neighbours. Said Mr Fletcher: "Shebeens are a way of life — you can't get away from that.

"About 70 percent of them are in black areas, where there may be more than 100 in a particular suburb. We know of one street which has six shebeens and one particular shebeen in Khayelitsha has a turnover of R32 000 a weekend."

Mr Fletcher said the NSA was not "fighting" with organisations such as the Western Cape Taverners' Association, which sees to the needs of tavern owners.

"We would like to see ourselves working with them, by referring to them shebeeners who wish to progress to taverns."

TOURISM FM 25/5/90

Bright outlook

288 [redacted]

The SA Tourism Board (Satour) and SAA spent R400 000 on the recent Indaba-Focus 90, the tourism industry's annual showcase.

FM 25/5/90

The pay-off is expected to be another record year for foreign visitors.

If this year's show follows the example of last year's, the 339 exhibitors at the Durban Exhibition Centre will have concluded tourist deals estimated at over R1bn. Deals worth more than half the industry's R1,9bn in foreign earnings were sealed at Indaba-89, says Satour chairman Piet van Hoven. (288) ([redacted])

"According to the feedback we have been getting from participants, both overseas delegates and local exhibitors, this has been the most successful Indaba yet in terms of actual business transactions," Van Hoven says.

The Indaba attracts representatives of every sector of the travel industry, from hotels to adventure operators, and is usually a strong indicator of the coming year's tourist potential. Based on the success of this year's show, Satour is confident that more

FM 25/5/90 (288)

than 1m foreign tourists will visit SA this year. This would top last year's record 930 393 foreign visitors. ([redacted])

Kent Durr, Minister of Trade, Industry & Tourism, says the industry's major markets — France, West Germany, Italy, Taiwan and Israel — are sending a record number of visitors this year. And he says the US, Canada, Australia and Japan are showing increasing interest. Also, a large number of visa and immigration inquiries are coming from Hungary, Poland and East Germany — "an indication of possible future markets," he says.

It was clear at the Indaba that a strong draw card is the country's game parks and reserves. With the world swing towards ecological awareness and "Green" issues, SA's vast wilderness areas and rich animal life should provide a strong boost to tourism this year. ■

Second World War veterans returned to the beaches of Dunkirk at the weekend to relive their evacuation 50 years ago. Picture: REUTER

Fedhasa chief: lack of capital may hit tourism

288

B 1941 28/5/90

PRETORIA — SA's potentially vast tourist industry could be knee-haltered by a serious lack of development capital, Fedhasa chief executive Fred Thermann warned at the weekend.

Thermann said: "If we hope to get anywhere close to supplying the infra-structure needed to cope with the huge expansion possible in the local and overseas tourist industry, a large-scale upgrading of hotels and related developments is absolutely essential."

What was needed, he said, was a specialist hotel credit development bank similar to institutions established in Europe 20 years ago.

These institutions facilitated development of an industry earning many millions of dollars a year for European countries.

This year alone SA expected more than one-million foreign vistors and there could problems findingenough first class hotel accommodation.

Also to be taken into account was the enormous potential of the black tourist market, Thermann said.

By the end of the decade more than 10-million potential black tourists would multiply the need for suitable accomodation.

"The strategies needed must be

GERALD REILLY

planned now and to make these possible finance is needed".

Goverment co-operation was also essential to ensure adequate air and rail services, and a well-maintained road network.

Greatly upgraded airport facilities were also essential, Thermann said.

Tourism could rival many of the country's most valuable foreign exchange-earning export commodities, but it had to have access to capital to make significant expansion possible.

What needed to be stressed in tourism marketing and promotion was that SA, unlike many other popular tourist venues, had no "shut-down" season.

By stressing this aspect the load could be spread and the burden on the industry eased.

Thermann said interest in SA worldwide was intense, caused mainly by the fact the country had been in the international spotlight for more than 20 years.

"Taking this into account, as well as the improved political climate and the fact that SA was on the verge of regaining international respectability, a a bright future was assured for the tourist industry," he added.

80 new shops, cinemas, restaurants for harbour

ARGUS 29/5/90

288

By MAGGIE ROWLEY Business Staff

AN R85-million "speciality waterfront" retail complex is to be built on the water's edge of Cape Town harbour stretching back from the Working Quay towards Granger Bay.

The Pier Head retail complex — part of the Victoria and Alfred Waterfront project — will consist of more than 80 shops, 10 cinemas, 15 restaurants, a flea market, and a

City building boom — page 25

2 000m² fish and fresh produce market. Parking will be provided for about 2 500 cars to serve the maritime precinct, including about 500 underground parking bays.

Mr Louis Karol, the city architect whose firm is designing the complex, said construction would begin soon and would be completed within two years.

Managing director of the Waterfront project, Mr David Jack, said today that the new retail complex was planned as part of the historic maritime complex and will be built in a style very much in character with the harbour warehouses.

"It will complement other historic buildings in the Pier Head precinct including the Old Union-Castle office, the North Quay warehouse which is being revamped into a R9-million hotel, the old harbour tearoom and the Port Captain's office on the Pier Head itself.

NEGOTIATIONS

"Negotiations are also under way with potential tenants for these old buildings. We plan restaurants in the Port Captain's office and the old harbour tearoom and speciality retailing for the Old Union Castle office."

Mr Jack said the Pier Head precinct was approved by the city council last month. However, the services agreement was still being negotiated with the council.

Mr Karol said the entire project would be built around a glass-domed galleria looking out on the harbour and the old clock tower. Jutting off the galleria would be shops while the restaurants would face on to a large piazza which would be built up to the water's edge.

Space had also been allocated for large anchor tenants on the ground floor and first floor.

Mr Jack stressed that the complex would be unique to South Africa and similar to overseas "festival waterfront" complexes such as in Sydney, Vancouver and San Francisco.

"The closest thing to it in South Africa is the Workshop in Durban. The attraction of the complex will be its focus on entertainment and leisure. It will be a place where people will go day and night, seven days a week.

APPROPRIATE

"The shops will all be speciality shops appropriate to the waterfront and which also serve the adjoining residential areas."

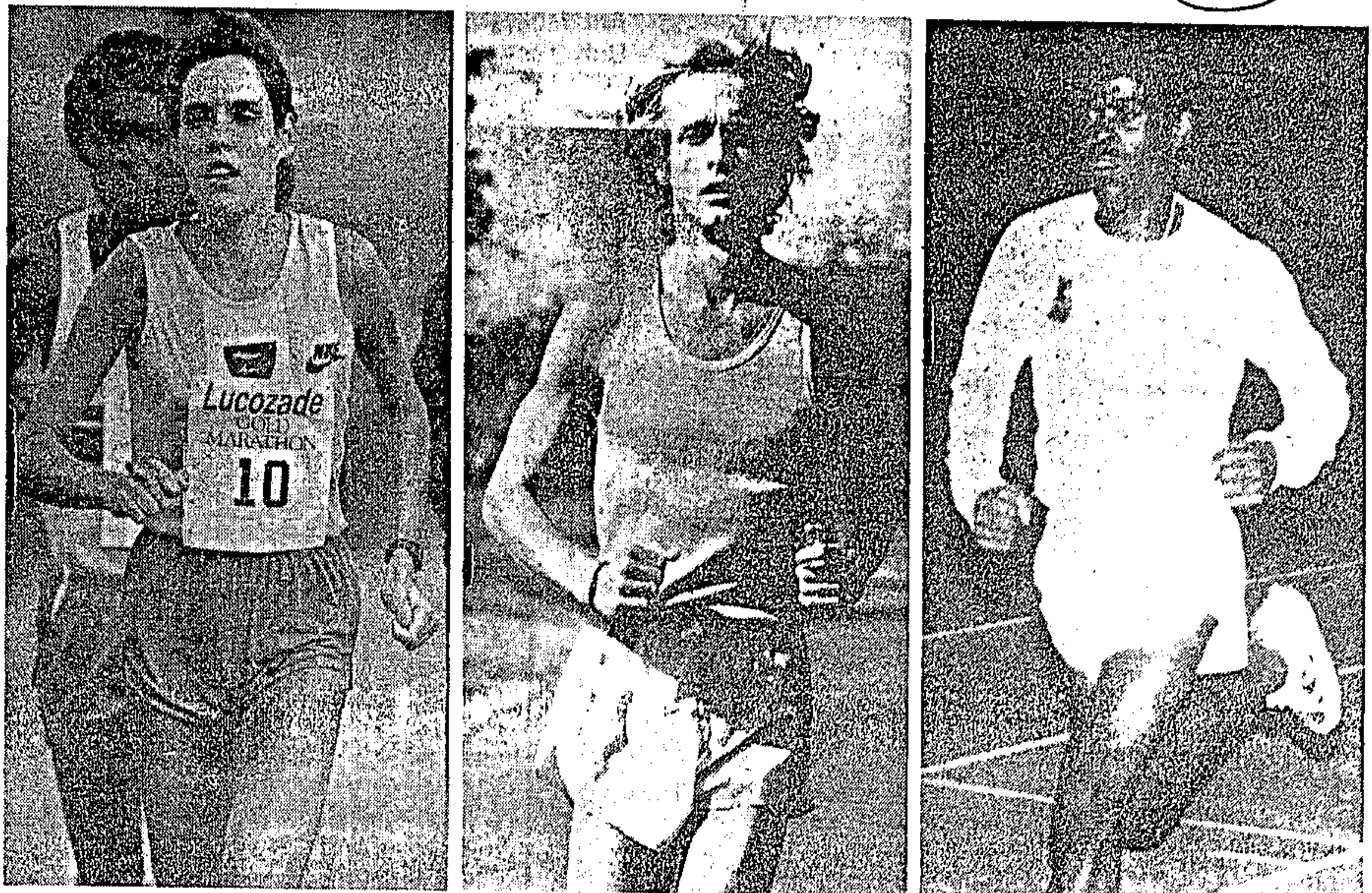
He said the old North Gate customs building, which was later used by I&J, would be converted and house the fish and fresh produce section of the new complex.

"We see this being a showcase for the fishing industry. It will be open seven days a week and sell a whole range and variety of produce from the sea."

Comrades is a big boost to Durban

Sowetan 30/5/90

288



Last years' Comrades winner Frith van der Merwe is out of the race with injury. Meanwhile, Sam Tshabalala faces stiff competition from eight-times winner Bruce Fordyce (centre), who re-enters the race after a year's break.

HOTELS, the sports equipment industry and many other sectors of the economy will benefit to the tune of more than R45 million as a result of this week's mammoth Comrades Marathon, in which close on 13 000 runners are entered.

The figure could soar beyond R60 million.

Revenue

The famous Durban-Pietermaritzburg marathon has become one of the world's biggest money-spinning single-day sporting events. Only major road races such as the New York, Chicago, Boston and London marathons, which draw more than 20 000 competitors, are likely to better South Africa's premier road race.

Estimates for just two of the major expenses facing the runners show that about R10 million is spent on running gear and R10 million on accommodation.

SOWETAN Correspondent

The race has grown beyond all expectations, since that first event back in 1921.

Comrades Marathon Association executive officer Linda Barron said today that it was almost impossible to put a figure on what revenue the race actually generated when a lot of the incidentals such as food, telephone calls and postage were also taken into consideration.

"The true figure could be as much as R60 million, but definitely not less than R45 million," she said.

Gear

"When you start with the major items like running gear, accommodation, air fares and petrol and then add food, doctors' and physiotherapists' bills, medication, paper, printing, telephone calls, postage, general sales tax and a hundred other minor things you could think of, who knows what the real figure could be?

"The Comrades Marathon alone has a budget of R1,67 million," she added, "but we at the CMA think it is excellent that we can boost the economy in this way."

A leading Durban sports shop quoted figures of R700-R800 to kit out each runner for the big race, without taking training equipment into consideration. Some of the prices of running gear are as follows: cap, R15; peak, R2,50; sunglasses, R45; vest, R19; shorts, R19; socks, R9; running shoes, R100-R450; tracksuit, R150; T-shirt, R30; runner's belt, R14; carbo-booster, R20; enduroboost, R20; squeezies, R15; tog bag, R50; and runner's watch, R50-R100.

With accommodation at an absolute premium in Durban, Pietermaritzburg and surrounding

FOCUS

areas, it is estimated that this could represent a R10 million boost to the hotel industry.

Another important aspect is the value of the time which many hundreds of people - such as doctors and others in the medical field - spend in a voluntary capacity on the race. The Comrades also provides a big fillip for the media, filling huge amounts of space in newspapers and magazines and occupying great amounts of air time on television and radio.

The Comrades Experience Show at the Durban Exhibition Centre is better this year than ever before, says Comrades Marathon Association executive officer Linda Barron.

The exhibition will be open today, 10am-8pm.

Delegates turn red at CP talk

Cape Times 30/5/90

Own Correspondent

PORT ELIZABETH. — More than 200 delegates walked out of a Fedhasa conference yesterday when the newly elected regional chairman of tourism preached Conservative Party policies in his opening address.

A vote of no confidence was quickly held and Mr Jan du Randt, the owner of the Tsitsikamma Forest Inn, vacated the chair.

Delegates at the regional conference at Wilderness were said to be stunned when Mr Du Randt preached against black and coloured tourism.

"With the 'new South Africa', this attitude is really shocking," they said.

Delegates said the committee would decide later on when to vote in a new chairman.

Hoteliers turn backs on speaker

ARGUS 30/5/90

288

Argus Bureau

PORT ELIZABETH. — About 25 hoteliers at a conference in the Wilderness walked to the back of the hall in protest when the leader of a panel discussion made a Conservative Party-oriented speech.

Mr Mick Dwyer, Eastern Cape, Border and Southern Cape representative, said it was not true that 200 people walked out when Mr Jan du Randt, owner of the Tsitsikamma Forest Inn, was in the chair.

Mr Dwyer said that at the Federated Hotels Association of South Africa conference there were only about 150 people in the hall and about 25 walked to the back.

He said Mr Du Randt had been elected chairman of tourism for the East London-to-Riversdale area and was leading a discussion on "Tourism: Adapt or Die."

It had not been chosen as a political topic, but as a subject relating to the industry.

Mr Du Randt was to have opened the panel discussion but became carried away with a political speech about alternatives for the South African economy as opposed to those put forward by the National Party.

Mr Dwyer denied that Mr Du Randt spoke against black and coloured tourism.

"Most of the delegates did not approve of what he said and showed it. The former chairman of the committee, Mr Bryan Robinson, told him he was out of order. He stood down and those who had walked to the back of the hall returned to their seats and the meeting continued," he said.

"The whole thing is a storm in a teacup."

He said Mr Du Randt made it clear that he was not putting forward the Fedhasa point of view but was giving his own opinions.

Mr Dwyer said he was told later that Mr Du Randt had resigned from Fedhasa.

Mr Du Randt was not available for comment.

Mugabe to attend summit

HARARE. — Zimbabwean President Robert Mugabe is to visit Malaysia and Indonesia. A statement said Mr Mugabe would attend the first co-operation summit of a group of 15 nations in Kuala Lumpur, the Malaysian capital. — Sapa.

Fuel spill as train derails

ANCHORAGE (Alaska). — Eighteen tankers of a freight train were derailed near Fairbanks, spilling up to 303 000 litres of jet and diesel fuel, a railways offical said. — Sapa-AP.

Shebeeners air their complaints at 'big splash'

Argus 31/5/90

288

Staff Reporter

THOUSANDS of township shebeeners are the backbone of South Africa's liquor industry and liquor outlets and taverners cannot survive without them, shebeeners claim.

However, they say they are most often on the receiving end of police harassment and often fall foul of the liquor laws.

Their complaints were aired when about 100 shebeeners from all over the Western Cape gathered yesterday on the first day of a marathon "big splash" ceremony at Monwabisi Beach, organised by the recently formed National Shebeeners Association (NSA).

The object of the meeting was getting shebeeners to know one another and to discuss common problems, public relations officer Mr Dan Fletcher said.

Paid fines

He said a huge national drive for membership was underway.

Unlike other small businesses such as hawkers, shebeeners could not get licences and police harassment in shebeens continued, he said.

They also faced problems with the more established taverners who "feared competition".

"Although the liquor laws have been relaxed to allow black people to buy liquor, there is no provision to allow them to sell. People are still being raided, made to pay admission-of-guilt fines and have their liquor confiscated."

He said only taverners — there were only about eight in all Cape Town's black townships — could legally sell liquor.

"The reason why taverners are so few is that the R2 000 licence fee and the tortuous process to obtain it is beyond the reach of small-time operators.

"The tavern licence stipulates that the drinking place should meet certain standards, which a small operator can simply not afford."

Mr Fletcher said his association had had a number of meetings with Trade, Industry and Tourism Minister Kent Durr to ask for shebeeners to be allowed to operate freely as in other sectors. The minister had promised to look into the matter.

Daily takings

"Our survey has revealed that there are more than 3 million shebeens countrywide and we feel very strongly that deregulation should also apply to them," he said.

Shebeeners interviewed said their daily takings ranged from R200 to R400 on weekdays to R1 000 daily from Fridays to Sundays.

Mrs Violet Williams, 60, who has been in the business since 1950, said she had single-handedly raised her six children after her husband died, through her liquor business.

"It was even tougher then but I managed to send four of my children through Fort Hare (the University College in Alice, Ciskei)," she said.

Hotelier apologises for pro-CP speech

CAPE TIMES 1/6/90

Own Correspondent

PORT ELIZABETH. — The owner of the Tsitsikamma Forest Inn, Mr Jan du Rand, has apologised to Fedhasa for pushing Conservative Party policies during his speech at a conference on Tuesday.

Most of the delegates at the conference walked out during Mr Du Randt's speech — his first after being elected as regional chairman of tourism.

A vote of no confidence was held, and Mr Du Rand resigned from the chair.

He was not available for comment yesterday, but his wife, Mrs I du Rand, confirmed that Mr Du Rand had issued an apology to Fedhasa (Federated Hotels Association of South Africa).

Mrs Du Rand said her husband had also resigned from all management structures of Fedhasa.

In his statement of apology to Fedhasa, Mr Du Rand said he was not a racist.

"All race groups were always and are always welcome in the hotel," he said.

Filling gap in the market

S Times 3/6/90

By IAN SMITH

LEISURE and catering industry groups Ovland Timesharing and Supervision Food Services, a subsidiary of Tongaat Foods, have formed a company offering a management and marketing service to resorts and timeshare operations throughout the country.

Durban-based Remarkable Resorts already has a portfolio of top holiday and weekend resorts. And it has pulled off a privatisation coup by negotiating a management and marketing contract for the Natal Parks Board's posh new camp at Itala game reserve in Northern Natal.

"We believe Remarkable Resorts fills a gap for professional management with specialised knowledge of the timeshare market and a proven track record in staff management, training and catering," says Trevor Coppen, chairman of the new company and of Ovland Timesharing.

The development and marketing of timeshare resorts marked the first two phases of the industry's growth. (288)

"Quality service will ensure the long-term growth of the industry, which already has 17 000 beds in SA," says Mr Coppen.

Remarkable Resorts has taken over management contracts for Ovland Timesharing, including Bantry Bay, Mount Sheba, Sodwana Bay Lodge, St Michaels and Durban Sands. Other contracts include the Strand Pavilion in the Western Cape and Halyards Hotel at the Royal Alfred Marina.

Executive director of Remarkable Resorts is Peter Harris, former new-business director of Supervision Food Services.

He says the link between the two groups, which each hold 50% of Remarkable Resorts, provides complementary skills in all aspects of resort management.

Project aims to encourage black tourism market

288

S[owetan] 4/6/90

THEO RAWANA

THE black travel market, expected to propel SA tourism into the R8bn-a-year bracket in the next 10 years, looks set for a good lift-off with the establishment of Project Tourism 2000.

The programme, aimed at bringing blacks into the mainstream of the tourism industry, has among its major objectives the development of the black domestic market, elimination of factors restricting blacks and education of blacks in all facets of tourism.

Founded three months ago, the project is headed by a committee of 12, with schools inspector Manu Douglas as chairman and Satour board member Dr George Msibi as facilitator.

The committee has produced a mission document, "Project Tourism 2000 — The Tourism of the Future", which seeks to make tourism accessible to all South Africans.

The project is initially being sponsored by the SA Tourism Board (Satour) SAA and Springbok Atlas Coach Tours among others, while the aim is to get full private sector backing.

"The private sector will be shown the impact black tourism will have on the economy of the southern African region, and encouraged to adopt Project Tourism 2000 by giving financial support and other forms of sponsorship," says Douglas.

Project Tourism 2000 will set out to change existing perceptions about the black tourist and one-, two- and three-star hotel owners will be educated about the benefits of encouraging black tourists to patronise their establishments.

Government and government institutions will be motivated towards the creation of a climate conducive for the promotion of black tourism and organisations such as Fedhasa will be encouraged to assist in this promotion.

As part of its reach-out programme, the committee plans to organise social functions and cultural exchanges. "Furthermore, non-racial travel clubs will be formed in order to extend the programme," says Douglas.

Trails

To bring black youth into the mainstream of the tourism trade, the committee will implement the following programmes:

- educational excursions to expose the youth to the divergent resources available;
- encouraging youth camps to bring about interaction among youth in the natural environment;
- regular visits to game parks and nature reserves;
- the use of hiking trails to promote environmental awareness.

"The success of Project Tourism 2000 and the attainment of its objectives and ideals will depend primarily on the understanding by our communities of the impact that tourism can and will make on the transformation of perceptions which groups have of each other," says Douglas.

Protea Hotels EC Otto Stehlik says his group had set out to be a catalyst for change. "Considering our socio-economic and political circumstances in southern Africa, domestic tourism is likely to grow at an even faster pace than international tourism over the next five years."

Hotel strikers baton-charged

4/6/90 By Stan Hlophe

Five employees of the Mariston Hotel in Joubert Park, Johannesburg, were allegedly shot and several others baton-charged when police dispersed more than 200 strikers at the weekend.

The strikers, members of the Catering and Allied Workers' Union, are demanding a "living wage" of R650 a month. They are now earning R380 a month.

A Mariston Hotel manager refused to comment.

Those injured were Irene Qika, Beauty Qika, a woman known as Sarah and two men known only as Buti and Johannes. They were admitted to Hillbrow Hospital.

Police denied there was shooting, but confirmed that about 60 demonstrators were baton-charged outside the hotel after being warned to disperse.

Hotel strike settled as wages raised

A strike at the Mariston Hotel in central Johannesburg was settled yesterday with workers receiving a R150 across-the-board increase, backdated to March 1.

A SA Commercial Catering and Allied Workers' Union (Saccawu) spokesman said the two parties agreed to:

- A minimum wage of R575 from October 1 and four months' maternity leave.
- No disciplinary action against alleged union intimidators.
- Details of the company's finances being disclosed within a few weeks.

Mariston spokesman W H Westphal said he believed the settlement was amicable although the hotel had not shown a profit for the last two months and was likely to be in the red again this month.

Strikers had not been dismissed, he said, and were due back at work tomorrow. — Sapa.

AMAPROP FIM 8/6/90 (288)

Knocking off spots

FIM 8/6/90 (288)

Activities: *Property development and management.*
Control: *Anglo American.*
Chairman: *G G L Leissner.*
Capital structure: *45m ords. Market capitalisation: R351m.*
Share market: *Price: 780c. Yields: 5,4% on dividend; 8,6% on earnings; p:e ratio, 11,6; cover, 1,6. 12-month high, 800c; low, 490c. Trading volume last quarter, 138 000 shares.*

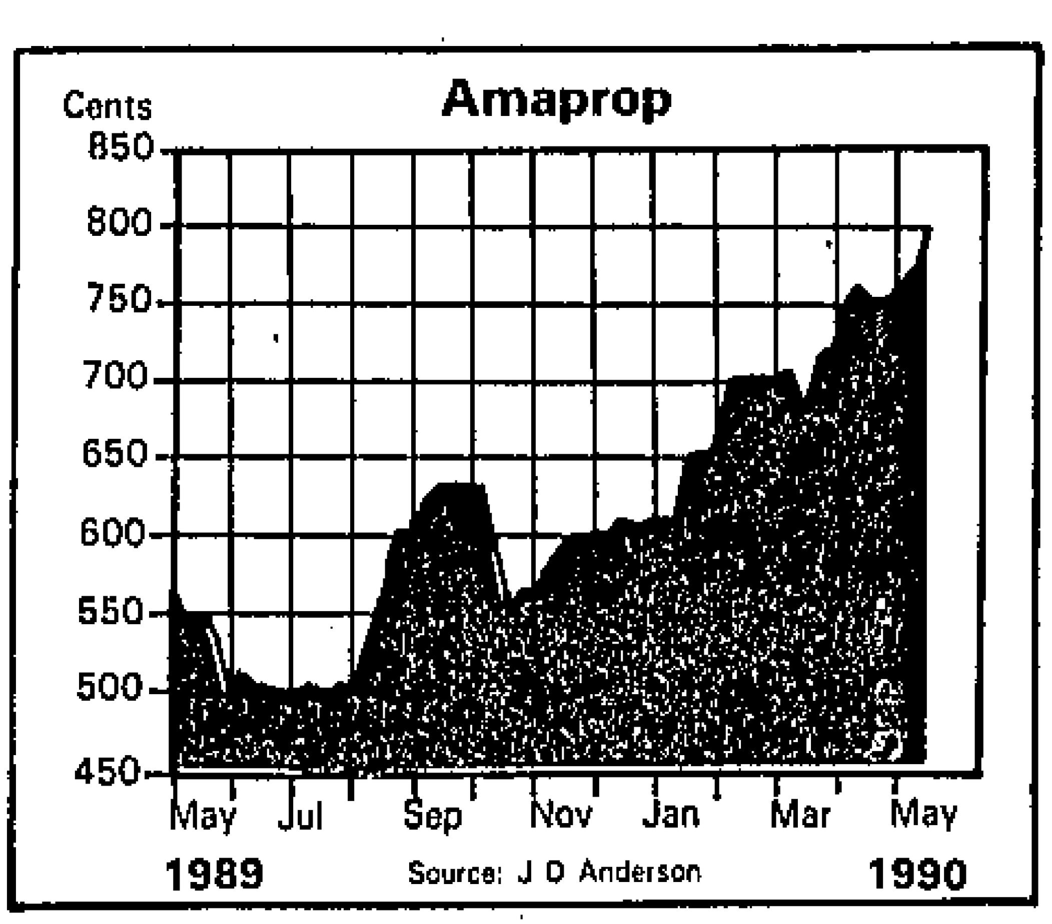
Year to March 31	'87	'88	'89	'90
ST debt (Rm)	nil	4,4	9,1	2,7
LT debt (Rm)	230,2	228,0	223,4	218,1
Debt:equity ratio	0,36	0,49	0,46	0,39
Shareholders' interest	0,59	0,62	0,60	0,58
Int & leasing cover	2,1	2,2	2,5	2,6
Return on cap (%)	7,0	7,1	8,1	8,6
Turnover (Rm)	103	125	162	209
Pre-int profit (Rm)	49,0	53,8	64,9	71,2
Pre-int margin (%)	47,5	42,8	40,1	34,1
Earnings (c)	32,1	46,3	54,8	67,4
Dividends (c)	29	30	35	42
Net worth (c)	781	906	918	997

This past year, Amaprop has been well up among the JSE's front runners. And though its share has shed a few cents this past week, the recent high of 800c represented a 60% advance in something less than 12 months.

Of course, in relation to the property company's total issued capital, the share trades comparatively lightly. But last year, everything seemed to be coming right as investors scoured the market for defensive value. So, though the recent price shading probably represents some justified caution over chairman Gerald Leissner's remarks that rental growth is slowing, it need not presage a sharp drop.

At present, Johannesburg has a glut of office space which has added to pressure on rentals. Nonetheless, Leissner is happy with Amaprop's immediate prospects, saying the company's buildings were more than 96% let at the end of the financial year and that all leases contain annual rent escalation clauses.

Retaining those tenants as the economy slows will depend largely on the services the company supplies and that, in turn, implies some comparatively heavy expenditure on re-furbishing or re-vamping of older build-




Amaprop's Leissner ... full house, almost

ings. Last year, that programme was financed with part of the proceeds from the sale of properties — to Apex Property Fund and other property investors. Amaprop bought into Apex units and Leissner says other investments in property trusts would be considered.

Long-term property management remains the single most important profit contributor. It weighed in with over 99% of last year's R30,3m attributable profit as estate development activity did little more than offset yet another year of shared losses at the Carlton Hotel. The Carlton's room occupancy rates are climbing, but slowly. Only 400 of the hotel's 600 rooms are open, which might be seen as strange with a booming tourism sector. But it seems to reflect the considerable amount of refurbishing and development in progress at the hotel and the Carlton complex as a whole.

Last year, the Carlton Hotel's turnover rose 24% to R36,4m and Amaprop's share of the hotel's losses was shaved to R609 000 from fiscal 1988's R1,32m. Once the closed rooms are re-opened to accommodate an apparently large influx of foreign tourists, the hotel should swing sharply into profit.

Profit growth is likely to be less substantial for the estates development division. Last year, it lifted sales to R61,4m from R34,2m but the contribution to attributable profit (granted after a substantially larger transfer to unearned profit provisions) increased to only R836 000, from R614 000.

Basically, then, Amaprop's immediate performance will depend on its management of the property portfolio and the strength of its escalating rentals. With interest rates declining and the group's present predisposition to cut debt, the leverage on rental profits looks attractive. Apart from that, there are the defensive attributes of a virtually irreplaceable property portfolio last revalued two years ago.

Jim Jones

HOMEMAKERS FIM 8/6/90

Acquisition costs

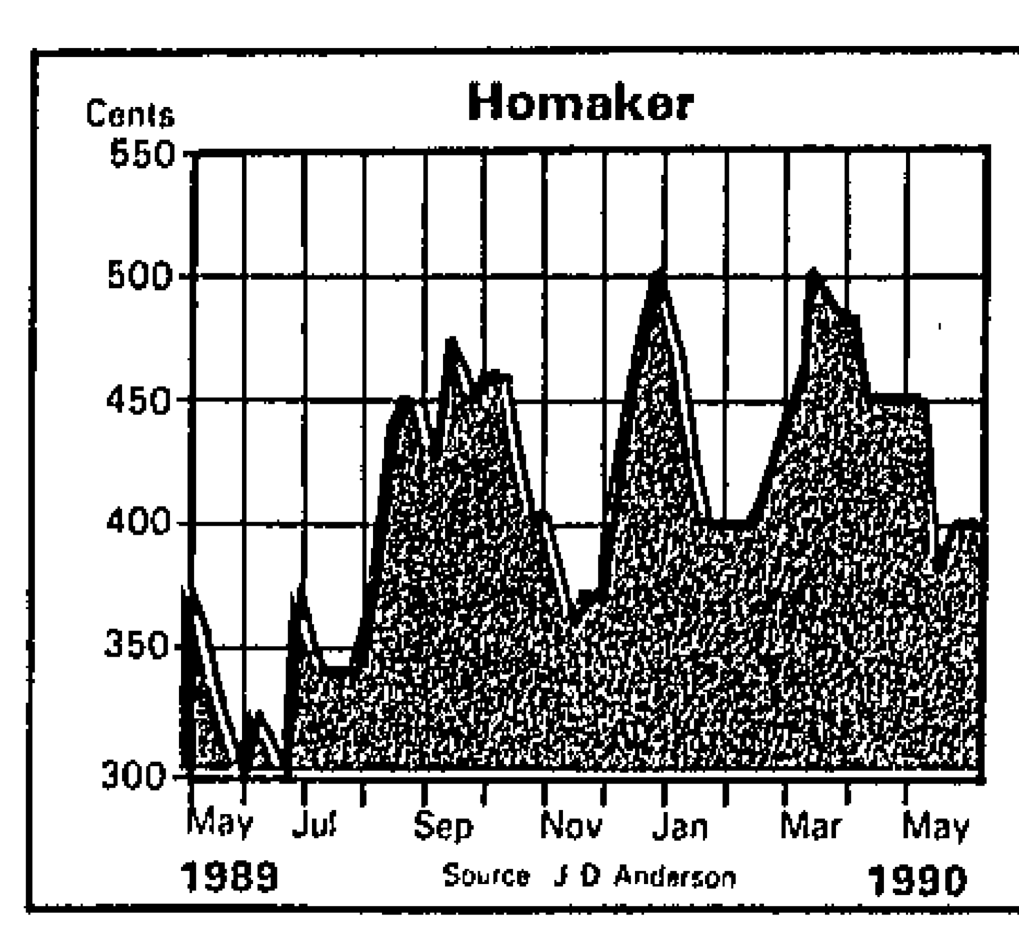
Activities: *Retailer and distributor of consumer goods.*
Control: *F S Group via W & A.*
Chairman: *J Liebesman; CE: H Nowitz.*
Capital structure: *50m ords. Market capitalisation: R21,5m.*
Share market: *Price: 430c. Yields: 8,3% on dividend; 23,0% on earnings; p:e ratio, 3,8; cover, 3,15. 12-month high, 505c; low, 300c. Trading volume last quarter, 832 724 shares.*

Year to Dec 31	'88	'89
ST debt (Rm)	10,0	15,9
LT debt (Rm)	21,4	102,7
Debt:equity ratio	0,20	0,91
Shareholders' interest	0,57	0,37
Int & leasing cover	4,04	3,67
Return on capital (%)	43,4	25,3
Turnover (Rm)	507,2	531,4
Pre-int profit (Rm)	72,0	76,5
Pre-int margin (%)	14,2	14,4
Earnings (c)	92,9	111,8
Dividends (c)	30,0	35,5
Net worth (c)	3,03	2,30

Homemakers' acquisition of shoemaker and retailer Edworks caused the group's interest-bearing debt to soar last year and interest charges are also rising sharply.

Total interest-bearing borrowings jumped from R31,4m to R118,6m. CE Hilton Norwitz is not, however, concerned about high gearing. "We have subsidiary assets which we could sell to liquidate the debt if we chose to. Edworks was an opportunistic deal that will give long-term value."

Seen from a more immediate standpoint, though, the interest bill rose last year to



Southern Sun is suspended on JSE

BRENT MELVILLE

SOUTHERN Sun, SA's premier hotel group, was suspended on the JSE yesterday amid speculation that the group could soon be delisted. B Day 8/6/90

Analysts said the suspension, shortly after 2pm and at the request of Southern Sun's directors, could mean that its major shareholder, SA Breweries (SAB), would be making an offer to minorities, leaving Southern Sun a wholly owned subsidiary of SAB — currently a 68% shareholder.

SAB MD Meyer Kahn yesterday refused comment on the suspension. He said a further announcement would be made on Monday, following the cautionary published today.

Analysts said a delisting would allow SAB to refinance Suthsun, streamlining its operations. It was possible, said one, that SAB might sell Southern Sun's 20% holding in Sun International (SI), to inject capital into the group. (288)

He said the rationalisation and possible delisting of the hotel chain would have been prompted by the results of Suthsun for the year to March.

The group was labouring under high debt, with interest bearing debt increasing by R54,7m for the year and pushing gearing to 64% (59%).

BRUNO CORTE

288

FM 8/6/90

Southern Sun MD Corte believes tourism will expand rapidly into the next century as SA becomes an increasingly popular international destination. As CE of one of the largest hotel chains he is, however, concerned that politics make investment in new hotels problematic and could drive tourists away.

Tourism has been through a tough time because of our poor image. That is changing. This year the number of foreign visitors should reach an all-time high. Government realises tourism brings in foreign exchange but the industry needs more incentives.

SA is too far from Europe, Japan or America to attract the package tourists who flock to Spain. This is a long-haul destination, so must attract high-quality tourists, people who will spend a lot of money.

We must target the international tourist who wants to travel around the country. But our tourism infrastructure is badly over-

FM 8/6/90 288

stretched. Replacement has been low since government ended investment allowances.

Most of our tour buses are old or substandard; SAA has an internal capacity problem and is not geared to move more tourists around; and our airports need a lot of improvement. SA is competing with many other destinations and tour operators can swing elsewhere for more reasons than just a deterioration in the perceived political situation.

FM 8/6/90 288

Traditional pattern

Now let's look at domestic tourism. It has been particularly strong, particularly as foreign travel has become more expensive. A lot of the traditional hotel business has been taken over by timesharing, and Southern Sun will continue to emphasise that. As I see it, the traditional pattern of holidays will grow stronger. Essentially our business continues to be getting people from the Transvaal to the coast. We will continue to develop package holiday deals for 10-20 years.

I do not expect black tourism to take off or even develop along the same lines as white. Whites travel to experience the destination. Blacks prefer to experience the hotel rather than the destination. Eventually, blacks will travel as extensively as whites but I don't expect that this century.

Tourism has risen worldwide, except in Africa, and this is where tourists will want to come, especially to our game reserves.

No. R. 1202 **8 Junie 1990**

LOONWET, 1957

INTREKKING VAN LOONVASSTELLING 446.—CHEMIESE- EN VERWANTE PRODUKTE-NYWERHEID, REPUBLIEK VAN SUID-AFRIKA

Die Minister van Mannekrag is van voorneme om kragtens artikel 16 van die Loonwet, 1957, Loonvasstelling 446: Chemiese- en Verwante Produktenywerheid, Republiek van Suid-Afrika, gepubliseer by Goewermentskennisgewing No. R. 2531 van 8 November 1985, in te trek.

Enige persoon wat kommentaar oor die voorgestelde intrekking wil lewer, moet sodanige kommentaar binne 30 dae vanaf die datum van publikasie hiervan aan die Direkteur-generaal: Mannekrag, Privaatsak X117, Pretoria, 0001, voorlê.

No. R. 1202 **8 June 1990**

WAGE ACT, 1957

CANCELLATION OF WAGE DETERMINATION 446.—CHEMICAL AND ALLIED PRODUCTS INDUSTRY, REPUBLIC OF SOUTH AFRICA

The Minister of Manpower proposes, in terms of section 16 of the Wage Act, 1957, to cancel Wage Determination 446: Chemical and Allied Products Industry, Republic of South Africa, published under Government Notice No. R. 2531, of 8 November 1985.

Any person who desires to comment on the proposed cancellation should submit such comment within 30 days from the date of publication hereof to the Director-General: Manpower, Private Bag X117, Pretoria, 0001.

No. R. 1269 **8 Junie 1990**

WET OP ARBEIDSVERHOUDINGE, 1956

HOTEL-, DRANK- EN SPYSENIERSBEDRYF, GRENS.—OOREENKOMS

Ek, Eli van der Merwe Louw, Minister van Mannekrag, verklaar hierby—

(a) kragtens artikel 48 (1) (a) van die Wet op Arbeidsverhoudinge, 1956, dat die bepalings van die Ooreenkoms wat in die Bylae hiervan verskyn en betrekking het op die Onderneming, Nywerheid, Bedryf of Beroep in die opskrif by hierdie kennisgewing vermeld, met ingang van die tweede Maandag na die datum van publikasie van hierdie kennisgewing en vir die tydperk wat op 30 April 1992 eindig, bindend is vir die werkgewersorganisasie en die vakvereniging wat genoemde Ooreenkoms aangegaan het en vir die werkgewers en werknemers wat lede van genoemde organisasie of vereniging is; en

(b) kragtens artikel 48 (1) (b) van genoemde Wet, dat die bepalings van genoemde Ooreenkoms, uitgesonderd dié vervat in klousules 1 (1) (a), 2 en 14, met ingang van die tweede Maandag na die datum van publikasie van hierdie kennisgewing en vir die tydperk wat op 30 April 1992 eindig, bindend is vir alle ander werkgewers en werknemers as dié genoem in paragraaf (a) van hierdie kennisgewing wat betrokke is by of in diens is in genoemde Onderneming, Nywerheid, Bedryf of Beroep in die gebiede in klousule 1 van die genoemde Ooreenkoms gespesifiseer.

E. VAN DER M. LOUW,
Minister van Mannekrag.

NYWERHEIDSRAAD VIR DIE HOTEL-, DRANK- EN SPYSENIERSBEDRYF, GRENS

OOREENKOMS

ooreenkomstig die Wet op Arbeidsverhoudinge, 1956, gesluit deur en aangegaan tussen die

Fedhasa Employers' Association (East London and Border)

(hierna die "werkgewers" of die "werkgewersorganisasie" genoem), aan die een kant, en die

East London and Border Liquor and Catering Trades Employees' Union

(hierna die "werknemers" of die "vakvereniging" genoem), aan die ander kant,

wat die partye is by die Nywerheidsraad vir die Drank- en Spyseniersbedryf, Grens.

No. R. 1269 **8 June 1990**

LABOUR RELATIONS ACT, 1956

HOTEL, LIQUOR AND CATERING TRADE, BORDER.—AGREEMENT

I, Eli van der Merwe Louw, Minister of Manpower, hereby—

(a) in terms of section 48 (1) (a) of the Labour Relations Act, 1956, declare that the provisions of the Agreement which appears in the Schedule hereto and which relates to the Undertaking, Industry, Trade or Occupation referred to in the heading to this notice, shall be binding, with effect from the second Monday after the date of publication of this notice and for the period ending 30 April 1992, upon the employers' organisation and the trade union which entered into the said Agreement and upon the employers and employees who are members of the said organisation or union; and

(b) in terms of section 48 (1) (b) of the said Act, declare that the provisions of the said Agreement, excluding those contained in clauses 1 (1) (a), 2 and 14, shall be binding, with effect from the second Monday after the date of publication of this notice and for the period ending 30 April 1992, upon all employers and employees, other than those referred to in paragraph (a) of this notice, who are engaged or employed in the said Undertaking, Industry, Trade or Occupation in the areas specified in clause 1 of the said Agreement.

E. VAN DER M. LOUW,
Minister of Manpower.

INDUSTRIAL COUNCIL FOR THE HOTEL, LIQUOR AND CATERING TRADE, BORDER

AGREEMENT

in accordance with the provisions of the Labour Relations Act, 1956, made and entered into by and between the

Fedhasa Employers' Association (East London and Border)

(hereinafter referred to as the "employers" or the "employers' organisation"), of the one part, and the

East London and Border Liquor and Catering Trade Employees' Union

(hereinafter referred to as the "employees" or the "trade union"), of the other part,

being the parties to the Industrial Council for the Hotel, Liquor and Catering Trade, Border.

SAB's R128m Sun poser

(288) S/Times 10/6/90

By JULIE WALKER

SA BREWERIES' expected move to buy out minorities in its debt-laden Southern Sun hotel group could cost almost R128-million at the current share price of R5,85.

The directors refuse to give reasons for their request to the JSE to suspend Southern Sun shares. An announcement will be made on Tuesday, says managing director Bruno Corte.

Speculation about Southern Sun's future surfaced after publication of its results for the year to March 31 when turnover jumped 21% to R472-million and operating profit nearly doubled to R28,2-million.

But without the group's dividend from its 20% stake in Sun International it would be into losses because of high gearing — last year's interest bill was R34,4-million.

Analysts say SAB would be paying a high price to get the 31,6% stake that it does not already hold. Sun International owns 21% in a strange cross-holding.

It has been suggested that if Southern Sun sold its stake in Sun International the proceeds — they could be as high as R350-million — would wipe out its borrowings.

That might make more sense for SAB than waiting for the hotel trade to pick up sufficiently for returns to justify the high price. Southern Sun's shares are rated at 15,5 times historic earnings.

The shares are trading close to the estimated net asset value of 550c, and buyer and seller could come to an agreement sooner rather than later on a price.

Expectations of higher room occupancy at Southern Sun hotels have contributed to the share's reasonable rating, but investors have shied away because of high debt in the group.

Although international tourism is 85% higher than last year, it represents only 12% of Southern Sun's business.

Southern Sun owns 53 hotels of which 23 are Holiday Inns. The number includes timesharing. It also manages three hotels.

Room occupancy last year was 62%, and the forecast for this year is at least 64% — close to break-even cost. The rate for rooms has been increased this year and another is possible.

But high concessions are likely in wage negotiations and operating costs are rising.

Southern Sun to be embraced by SAB

(288)

BDay 12/6/90

BRENT MELVILLE

SOUTHERN Sun, having spent 11 of its 21 years on the JSE, is now giving up its independence to move into the familial embrace of SA Breweries (SAB).

The hotel group, which runs 54 of the country's most prestige hotels, moved onto the JSE in 1979, expanding rapidly on the strength of an expanding economy and a surge in tourism to SA.

However, over the past few years — marked by international sanctions against SA and escalating racial unrest — Southern Sun, and the top end of the hotel market, suffered from declining occupancies and rising costs.

Contributing dramatically to its gearing problems, Southern Sun decided in 1985 to build a new flagship, the 800-room, R110m Johannesburg Sun, which proved to be a financial nightmare.

At the hotel's inception it took the profits from every hotel on the Witwatersrand merely to keep its staff paid and food in the restaurants.

Although the waterfall has been slowed to more of a trickle, the hotel still loses almost R10m a year after rentals.

After expanding into the eastern Transvaal and the Drakensberg, as well as maintaining the standards of some of its more stately hotels (such as the Beverley Hills), the last financial year found Southern Sun servicing debt of R323,5m (R268,8m), pushing interest payments (including the servicing of its medium-dated preference shares) to R34,4m.

It seemed that Southern Sun, and the hotel industry in general, had overemphasised the effect that international tourism would have on the industry.

Although there has been a substantial improvement over the past year, foreign tourism accounts for only about 12% of Southern Sun's occupancy levels, now running at about 64%.

SAB plans Suthsun delisting in R120m deal

CAPE TIMES 12/6/90

Own Correspondent

JOHANNESBURG. — SA Breweries (SAB) is to take its subsidiary Southern Sun Hotel Holdings (Suthsun) from the JSE in a R120m deal involving the buy-out of minority shareholders.

Today's announcement follows last week's suspension of Suthsun's shares, and speculation since the release of Suthsun's results to March that it would be delisted as a wholly-owned subsidiary of SAB.

In the wake of the announcement, market analysts are speculating that another of SAB's "underperforming" subsidiaries, OK Bazaars, could be going the same route "based on a comparison of the two group's results, and the logic behind the Suthsun delisting".

In terms of the Suthsun deal SAB — which holds 68,4% of Suthsun — is offering minorities (other than Kersaf) a premium of 65c on the prevailing 585c value of the share. For the 10,6% stake SAB will be paying R48,4m. For its part Kersaf Investments will receive R71,6m for its 21% stake, translating to 485c a share.

Shareholders also have the option of accepting SAB shares offered at a price of 4 030c a share, or a combination of shares and cash. SAB dropped 50c to 4 000c yesterday.

Analysts said the cash option looked more attractive: "SAB's share price is overvalued, probably pushed up in anticipation of this announcement. The 650c offer puts Suthsun on a high p:e ratio of 17,2."

The 485c offer, proposed by UAL Merchant Bank and accepted by Kersaf, was considered "highly satisfactory" by Kersaf, chairman Buddy Hawton said yesterday.

"It was a straight commercial decision," he said, adding that Kersaf had no specific plans yet for the proceeds of the sale.

Suthsun directors said that the group's high gearing and urgent need for cash, in light of the group's expected profitability, necessitated that the current dividend distribution practice of 70% of attributable earnings be "re-assessed".

The gearing — presently at 64% and almost double the 33% level of the previous financial year — was due to past refurbishment requirements of both the Southern Sun and Holiday Inn hotel chains.

OK Bazaars' gearing jumped to 67% (47%) in the past financial year.

Suthsun had also budgeted to spend further "significant" sums on both hotel chains, directors said.

"It would be appropriate for Suthsun to be delisted to avoid any possible conflict between the long-term requirements of the company and the interests of minority shareholders."

The scheme is not expected to have any material effect on either the earnings of NAV per share of SAB.

ment ahead, we are entering a new phase in which, from these benches, a new spirit of leadership will be reaching out beyond the confines within which we are operating at present, which will include support from all sections of the population for certain basic political principles that South Africans of all persuasions have in common with each other. [Time expired.] Hansard 12/6/90

Debate concluded.

QUESTIONS

†Indicates translated version.

For oral reply:

General Affairs:

Questions standing over from Tuesday, 29 May 1990:

Strand: private resort

*10. Adv C H PIENAAR asked the Minister of Planning and Provincial Affairs:†

(1) Whether a private resort being developed at the Strand extends from private land on the coast into the sea in the form of a pier; if so, Hansard 12/6/90

(2) whether the State-owned land falling within this development was obtained in terms of an agreement with the State; if so, what are the terms and conditions of the agreement; if not, what is the official policy in regard to developments by private persons on State-owned land on the coast? 288 B1117E

The DEPUTY MINISTER OF PLANNING (for the Minister of Planning and Provincial Affairs):

(1) Yes.

(2) Yes; the State-owned land affected by the development has been leased to a development company in terms of the Sea-Shore Act (Act 21 of 1935). The lease agreement between the Cape Provincial Administration and the developer is a standard agreement that is normally used in such cases and the rental is determined by the Treasury. As it is such a voluminous document it is not practicable to read the whole document to the House. The document can be placed at the disposal of the hon member if he so wishes.

†Mr C H PIENAAR: Mr Speaker, arising out of the hon the Deputy Minister's reply I should like to know from him, if someone looks at the contents of the agreement which is now available, whether he may publish it so that one can get access to it and whether it is a secret document.

†The DEPUTY MINISTER: Mr Speaker, it stands to reason that it is not a secret document. It is a contract entered into by the Cape Provincial Administration, and the public has the right to see it. It is however not necessary to throw it around in the House or to distribute it outside. The hon member can come and look at it, and if he would like to make the contents known, he is welcome to do so. Hansard 12/6/90 288

Question standing over from Tuesday, 5 June 1990:

Certain person: charges pending

*3. Mr M A TARR asked the Minister of Law and Order:

(1) Whether there are any charges pending against a certain person, whose name has been furnished to the South African Police for the purpose of the Minister's reply; if so, (a) what is the nature of these charges and (b) when is it anticipated that they will be brought to court;

(2) whether this person is out on bail at present; if so,

(3) whether he has become implicated in any other cases whilst out on bail; if so, what are the relevant details,

(4) whether he will make a statement on the matter? B1127E

†The MINISTER OF LAW AND ORDER:

(1) to (4) On 7 August 1989 Jerome Mncwabe was arrested on various charges of murder, attempted murder and public violence. On 8 August 1989 he was released on bail by the court.

On 9 December 1989 he was once again arrested on various charges of murder. On his appearance before the court, his application for bail was refused. During February 1990 he appealed against the refusal of the court to grant him bail. His appeal was upheld and he was thereafter released on bail.

During April 1990 further charges of murder and attempted murder were lodged against him. However, on 16 May 1990, before he could be arrested on these charges, he was murdered.

New questions:

Voters' roll: removal of name of certain person

*1. Mr H D K VAN DER MERWE asked the Minister of Home Affairs:†

Whether application has been made for the name of a certain person, particulars of whom have been furnished to the Minister's Department for the purpose of his reply, to be removed from the voters' roll; if so, (a) at whose request, (b) on what date and (c) what is the name of the person concerned? B1186E

†The MINISTER OF HOME AFFAIRS:

No.

(a), (b) and (c) fall away.

†Mr H D K VAN DER MERWE: Mr Speaker, arising out of the reply of the hon the Minister, I should like to know on what grounds the particular person's name was removed.

†The MINISTER: Mr Speaker, my Department removed his name from the voters' roll.

†Mr H D K VAN DER MERWE: Mr Speaker, further arising out of the reply I should like to ask the hon the Minister on whose application the Department removed this name?

†An HON MEMBER: And why?

†The MINISTER: In 1989 the hon member's voter Mr Strydom died. [Interjections.]

†Mr H D K VAN DER MERWE: Mr Speaker, further arising out of the reply I should like to ask the hon the Minister if the name of the voter who died was removed after or before he died.

†The MINISTER: Mr Chairman, he died on 28 September 1989 and his name was removed on 14 November 1989.

Unrest in Natal: persons killed/injured

*2. Adv J J S PRINSLOO asked the Minister of Law and Order:† Hansard 12/6/90

(a) How many persons have been (i) killed and (ii) injured since the beginning of the present unrest in Natal and (b) in respect of what period is this information furnished? Hansard 12/6/90 B1189E

†The MINISTER OF LAW AND ORDER:

Mr Speaker, if the hon member Mr H D K van der Merwe has finished seeing the ghost, I may perhaps continue replying to the question. [Interjections.]

(a) (i) 612

(ii) 513

(b) 1 January 1990 until 31 May 1990.

Military government of Venda: recognition

*3. Adv C D DE JAGER asked the Minister of Foreign Affairs:†

Whether the Government recognises the military government of Venda; if so, with effect from what date; if not, why not? Hansard 12/6/90 B1190E

The DEPUTY MINISTER OF FOREIGN AFFAIRS:

Yes. I set out the Government's position as follows in a statement of 6 June 1990:

"Kolonel G M Ramushwana het die bewind in Venda op 5 April 1990 oorgeneem, pas nadat President Ravele bedank het.

Kolonel Ramushwana het 'n Raad van Nasionale Eenheid saamgestel bestaande uit private persone, beamptes asook veiligheidspersoneel.

Sedert die bewindsoorname het die RSA *de facto* erkenning aan die Regering van Venda gegee deur samewerking op verskeie terreine.

Kolonel Ramushwana en sy Regering het sedert sy bewindsoorname suksesvolle stappe gedoen om die onrussituasie in Venda onder beheer te kry. Ook het sy Regering bewys gelewer van sy bereidwilligheid om goeie verhoudings met die RSA te handhaaf. Die Regering van Venda het daarin geslaag om effektiewe beheer oor die land te handhaaf en geniet wye ondersteuning. Gevolglik het die Suid-Afrikaanse Regering vandag besluit om die Regering van Venda formeel te erken."

†Dr W J SNYMAN: Mr Speaker, arising out of the hon the Deputy Minister's reply I should like to ask him whether the hon the Minister of Foreign Affairs at any time shortly before the change of government advised the former head

Tourism boom: Infrastructure lacking in SA

Cape Times 14/6/90 (288)

By AUDREY D'ANGELO
Business Editor

SA lacks the infrastructure to cope with the expected tourist boom — when millions of holidaymakers will be looking for accommodation and entertainment — the president of Cape Town Chamber of Commerce, Lionel Hartmann, warned yesterday.

Speaking at a party to launch Cape Courtesy, a guide service aimed mainly at the corporate market and individual holidaymakers, Hartmann pointed out that the tourist industry was still waiting for its long-promised co-ordinated development plan.

"It has been on the drawing board for some time, is expected any day now and one hopes that it will not be delayed too long," he said.

"Included in such a plan would hopefully be incentives to assist with tourism by providing encouragement to developers of hotels and ancillary facilities.

"Industry operatives are also looking for an improved infrastructure to cope with the anticipated growth in tourism."

This growth, said Hartmann, would come from the domestic market including black holidaymakers as well as from international visitors.

"It is estimated that 10m people in SA have the means and desire to travel and 9m of them are potential buyers of domestic holidays and leisure.

"I wonder how many of us realise the potential ramifications of the increase in our tourist market. It is in these areas that we need to get our act together.

"Right now I doubt whether we have the basic infrastructure in place to cope with an influx on the scale anticipated."

Hartmann said ways and means must be found of attracting foreign visitors in even greater numbers. "We need the foreign exchange, and we want to use every opportunity to show off our beautiful country."

But the greatest potential and challenge lay in the local market. "In this context the growth opportunities that exist among our black community are awesome.

"Starved of facilities and opportunities for so many years, the relaxation of restrictive legislation, and the increased levels of income, are creating more and more opportunities. For so many the opportunity to travel internally and to see SA is a top priority."

Other vital issues to which both the Chamber of Commerce and Captour were giving attention included the cost of air travel to and from SA.

"It is reputed to be cheaper to fly from Europe to Australia than to SA", said Hartmann.

Travel problems included "the restrictive conditions in respect of charter flights, the iniquitous add-on fare in respect of direct flights in and out of Cape Town, the absence of gateway status for D F Malan Airport and major bottlenecks on our domestic services during peak periods".

SA also lagged behind other tourist orientated countries in the number of properly trained, well informed tour guides and qualified tour operators.

"If the numbers of tourists being bandied about come to pass — and I have no doubt they will — we will need to be prepared."

● Cape Courtesy is aimed at the corporate market or "the discerning visitor", not at large parties, its founder, Robert Verbruggen, explained yesterday. It provides a guide and transport to take people on sightseeing tours or round the city, recommending restaurants and arranging theatre visits.

It reaches its clients through recommendations by hotels and Captour. "We have also approached large corporations."

SOUTHERN SUN (288) FM 15/6/90

Minorities blackjacked?

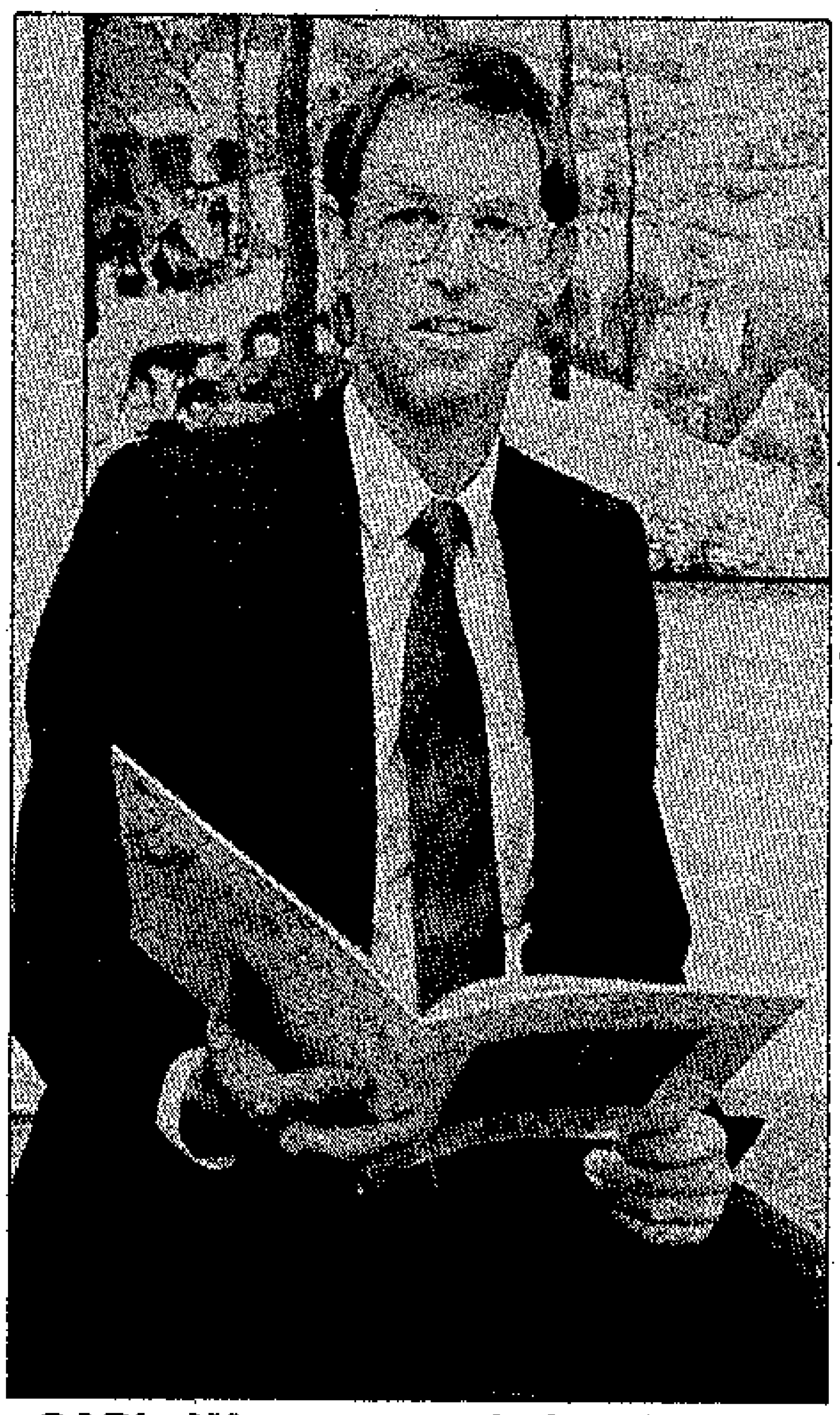
SA Breweries is planning a R120m take-out of Southern Sun's minority shareholders just as free-spending foreign tourists are starting to flock back to this country and just as the hotel chain is on the brink of being freed to enter the black homelands where gambling is legal. SAB already owns 68,4% of the hotel chain's equity and Kersaf, which has agreed to a 485c a share cash offer, has 21%.

Other minorities are being offered 650c a share either in cash or SAB shares at a price of 4 030c or a combination of the two.

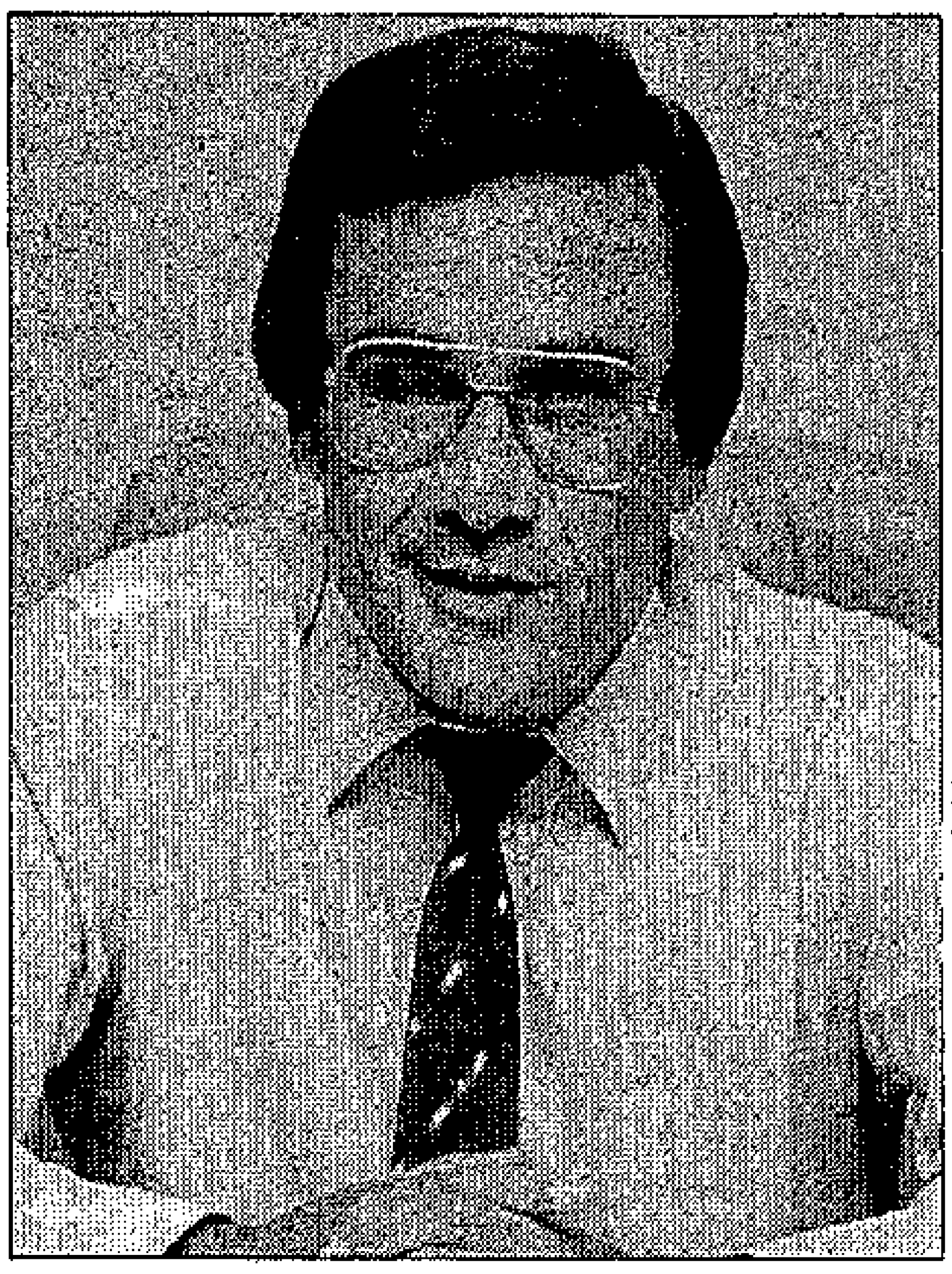
Southern Sun will be recapitalised, which SAB suggests will be of no medium-term benefit to minorities, though it does not mention that ownership could release the R200m-odd gross tax loss for use elsewhere in the group. It also helps cash flow, as 70% of the hotel group's attributable earnings have to be distributed to shareholders in terms of an April 1985 agreement.

SAB's public announcement says delisting of Southern Sun is necessary, "... to avoid any possible conflict between the long-term requirements of the company and the interests of minority shareholders."

Kersaf acquired its 21% shareholding as part of the April 1985 deal struck to avoid a market share war at the end of Sol Kerzner's 18-month restraint of trade agreement with Southern Sun. That was when Kerzner pumped Holiday Inns into Southern Sun and the hotel chain lost its direct stake in Kerzner's casinos.



SAB's Wyman ... aiming for the same game ...



... as Sun International's Kerzner?

Kersaf took over 36,5% of casino operator Sun International from Safren. Southern Sun issued 14,8m new shares in itself to Safren for the purchase of Holiday Inns which Safren, in turn, passed on together with its Sun International stake to Kersaf for 35m new shares in Kersaf. Since then, the casinos have been a licence to print money while Southern Sun hotels in "white" SA have suffered from tourism's decline and a heavy financial burden.

SAB's planning director, Malcolm Wyman, assures us that the possibility of entry into the legal gambling of black homelands was not a factor in the bid for minorities and adds there is no intention of opening casinos. Merchant bankers UAL say they were unaware the exclusion is due to end within a year.

The hotel industry's medium-term outlook is dreary, according to the public announcement of the bid. And there seems little prospect of cutting the group's debt — though that ignores the cash flow potential of an entry into casinos. In the year to March 1990, total interest-bearing debt rose to R324m from the previous year's R269m and interest paid at R34,3m exceeded operating profit of R28,2m. Only a healthy R22,7m (R18,8m) dividend from casino operator Sun International allowed for a small increase in attributable earnings.

Gearing has been rising progressively and, at 64%, last year exceeded management's self-imposed limits. Debt has risen in line with an extensive refurbishing of the group's hotels.

Wyman says the buy-out does not reflect a shift in SAB's policy. Kersaf's decision to sell its stake gives SAB almost 90% of Southern Sun and the benefits of acquiring 100% rather than having unhappy minorities sealed the decision. But will those minorities be unhappy if Southern Sun heads towards the spinning wheels of the homelands?

Jim Jones and Pam Baskind

M&F to take over NEG in R132m deal

LINDA ENSOR (58)

MUTUAL & Federal (M&F) — SA's largest short-term insurer — has agreed to buy 100% of National Employers' General Insurance (NEG) in a R132m deal.

M&F paid the amount in cash yesterday to Standard Merchant Bank, which is acting for the provisional liquidator of NEG's UK parent, National Employers Mutual General Insurance Association (Nemgia). B/Day 15/6/90

M&F has bought 73% of NEG from Nemgia and has agreed with effect from June 13 to buy the 25% stake held by African Finance Corporation (AFC) and the 2% held by staff and the public. As AFC has agreed to the sale of its interest, M&F is assured of at least a 98% stake.

The purchase price is equal to NEG's 1989 gross premium income. M&F had the cash available and did not have to loan money to conclude the deal, M&F MD Ken Saggers said yesterday.

He said the acquisition would increase M&F's market share from about 19% to about 22%. NEG would be incorporated into M&F and rationalisations would be made. NEG MD, Peter D'Arcy Jones will be part of M&F's general management team.

Saggers said the acquisition made sense in terms of the compatability of the businesses of the two companies. NEG is involved in all classes of short-term insurance with motor comprising about 60% of its business.

It was a soundly run business with an investment portfolio valued at over R120m.

Extradition bid against Kerzner

(288)

B/Day 15/6/90

TIM COHEN

A REQUEST for the extradition of former Sun International chairman Sol Kerzner and Cape Town attorney David Bloomberg to face bribery charges was being prepared, Transkei Military Council chairman Maj-Gen Bantu Holomisa said yesterday.

In a policy speech in Umtata last night covering the 1990-91 financial year, Holomisa said the Transkei attorney-general was "of the view that a prima facie case of bribery or corruption" against the two had been established, arising from an alleged R2m payment to former Transkei leader George Matanzima for exclusive local gaming rights.

The attorney-general was preparing an indictment, and extradition requests would be forwarded to the two men's countries of residence. Should they reside in countries not party to an extradition treaty with Transkei, "other arrangements" would be made to secure their appearance in court.

Holomisa said Matanzima, who was serving a four-year prison sentence on an unrelated charge, was told no additional charges would be brought against him and his current sentence would be rescinded if he provided information about other cases in which his name had been mentioned.

Speaking in London yesterday, Kerzner said he had no comment on Holomisa's decision. Bloomberg could not be contacted for comment.

SAB buys into Southern Sun

S Times 17/6/90

SA BREWERIES' buyout of minorities in Southern Sun will cost the consumer giant R120-million. Southern Sun's next-largest shareholder Kersaf will receive 485c a share, compared with the market price of 585c before trading in the share was suspended pending the announcement of the deal.

The rest of the minorities will be paid out 650c — a nice premium for the holders of the underperforming shares. The price jumped by 35c to 620c after the announcement.

Minorities can choose between accepting cash or the equivalent value of shares in SA Breweries of 4030c, providing this results in the issue of 100 units. A combination is permitted.

288

The price of SA Breweries shares fell to 90c below that level after the deal was announced, making the cash look more attractive.

Star 20/6/90

Southern Sun faces strike over wages

288

By Julienne du Toit

Southern Sun hotels may face a strike after conciliation board discussions between management and the South African Commercial, Catering and Allied Workers' Union (Saccawu) broke down this week.

The union, with a membership of 6 000, over half the company's employees, has called for strike ballots at the end of next week.

The key issues are wages, the instalment of casual workers as union members, and "racist canteen facilities", says the union.

Management is offering a R100 increase on its minimum monthly wage of R590, while the union is demanding a minimum wage of R800 and an across-the-board increase of R160.

Carl Ludick, group industrial relations manager, said that in real terms workers were earning close to R1 000, with such benefits as transport, meals, medical aid and a 13th cheque.

Union spokesman Allan Horwitz claimed that a worker at Pietersburg Holiday Inn was interrogated, detained and later assaulted by police called in by management because of an alleged theft. He said this would not have happened had the worker been white.

Star 22/6/90 (81) (28)

Overvaal resorts open to all

Own Correspondent

Overvaal resorts will be open to all South Africans from October 15, but the desegration of the 10 resorts will not have any immediate effect.

The resorts have been fully booked for school holidays until July next year but bookings for weekends are still available.

The deputy marketing director for Overvaal resorts, Rudi Basson, said several measures would be taken to ensure a smooth process of transition.

These would include crowd and entry control at the resorts as they have been developed only for a certain number of people.

Increased security and hygiene measures will also be investigated.

Mr Basson welcomed the opening of the resorts.

He said a few cancellations were expected but reaction to the opening of the resorts was positive.

Conservative Party chief secretary Andries Beyers desribed the opening as "the most shocking thing I have heard in a long time".

Mr Beyers said the desegregation of the resorts would lead to enormous racial tension.

Boerestaat Party leader Robert van Tonder said once the Boer republics have been reinstated, the resorts would immediately be reserved for whites only.

He pointed out that President Paul Kruger had reserved the Kruger National Park for the use of whites, adding that he objected to the increased numbers of overseas tourists visiting the game reserve.

A NEW TOURISM 288

Government's three investigations into a new tourism policy should find its culmination in an Act to be promulgated early next year.

In the process, Trade & Industry and Tourism Minister Kent Durr's promise to scrap the Travel Agency Board should become a reality because the 1983 Travel Agencies Act is due for the chopping block. FM 22/6/90

A DTI spokesman says the department is taking a close look at the five Acts affecting tourism with a view to deregulating the sector. "A single, simplified tourism Act, which will include the remaining provisions of the five Acts (including the Travel Agencies Act), is being drafted and will be submitted as a Bill to parliament early next year."

The Board of Trade & Industry is also looking at the possible rationalisation of tourism bodies and the Development Bank of Southern Africa is examining new financing structures for hotels and tourism.

There is massive potential for growth in tourism to southern Africa in the Nineties and beyond if stumbling blocks — political and other — can be removed and if facilities can be stretched to cope with increasing demand.

FINANCIAL MAIL JUNE 22 1990

B Day 22/6/90 (288)

TOP HOTELS FACE A STATIC YEAR

EDWIN UNDERWOOD

SA's five star hotels are set for a static year as the business sector continues to cut back on expenditure and, according to Sun International marketing director Ernie Joubert, the industry does not foresee an increase in occupancy rates as the recession has resulted in a soft market.

Joubert said his group's five star hotels were operating on an 80% occupancy level. Nationally, Sun International's revenue for five star hotel rooms increased 17% in the nine months to April, and food and beverage revenue increased 12%.

Central Statistical Service figures show room occupancy rates and income for five star hotels increased by 6,4% and 29% respectively for February 1990 compared with the same time in 1989.

Southern Sun group MD Bruno Corte said February was the height of the international tourist season. Foreign tourists accounted for about 20% of five star hotel income. His group's five star hotels were trading ahead of normal market share.

HOTELS AND TOURISM 288

Cape conundrum

Special pleading in the hotel industry has reached new heights now that there are three concurrent investigations into tourism.

Most of it appears to be focused on the Board of Trade & Industry investigation into rationalising the business with a view to offering government assistance to certain sectors to enable it to reach its "full potential." Deputy chairman Helgaard Muller says the report should be ready by the end of next month.

At best, hoteliers are hoping government will reinstate the generous tax incentives for new developments and refurbishments which were all but removed last year.

As an interim measure, Southern Sun group executive director Peter Hearfield suggests "the removal of GST on stock-in-trade items such as knives, forks and toilet paper."

Fedhasa CE Fred Thermann goes much further. He says SA needs an hotel credit development bank, similar to those formed in Europe 20 years ago to get tourism moving. Hearfield agrees: "If it worked for the European tourist industry, why not for us?"

The board is also investigating how to increase the number of foreign visitors. More than 1m should visit SA this year but many more would arrive in the November-February high season — provided sufficient accommodation were available in Cape Town.

Cape Town is a must on most overseas tourists' itineraries but the city's 82 hotels, offering 4 472 rooms, cannot cope with high-season demand. If foreign tourists can't get accommodation in Cape Town in peak periods, most go to other countries.

The peak season accommodation crunch in the Cape is costing SA dearly. A total of 472 000 tourists visited SA in the high season in 1989 but travel agents contend at least 20% more, or 90 000, would have come had Cape Town been able to offer them summer accommodation.

One factor inhibiting Cape Town hoteliers from providing additional accommodation is the dramatic fall-off in occupancies during off-peak periods.

SA Tourism Board executive director Spencer Thomas accepts hotels have occupancy problems in the off-season. He says it's clearly a problem that must be overcome before more hotels are built. Meanwhile, the board's marketing thrust is aimed at selling SA in the winter months.

"Some new hotels have opened in Cape Town but the number of rooms added is insufficient to make a significant difference," says Thomas. A re-examination of the hotel development incentive package is said to form part of BTI's brief.

Thermann is, meanwhile, pressing for an hotel and tourism data bank to be run by the board, his own organisation or the Cape publicity association, Captour. It would initially list hotels, rooms and beds available in Cape Town and could later be expanded nationwide.

"In season, one often cannot find a bed at any of the well-known hotels. But, by the end of the season, we find that suitable accommodation had been available at many lesser-known hotels," says Thermann. "So, while Cape Town was said to have been 100% full at the last high season, it was perhaps only 70% full."

Nevertheless, more accommodation should be available this year. The economic slowdown should ensure that many South Africans won't go on holiday and others are likely to cut back on the length of their stay.

Hearfield believes government should help the sector resolve the Cape Town dilemma. "If it is concerned over our inability to meet peak season demand, it must make money available at low interest rates so that we can expand and still survive the off-peak periods," he says.

Gillian Saunders, hotel consultant with Horwath & Horwath, says it is unrealistic to expect hoteliers to invest vast sums to cater for high-season demand unless something is done to help fill rooms in the off-season.

Protea Hotels chairman Otto Stehlik says it's unfair to point fingers at Cape Town because it cannot cope with peak-season demand.

"The current improvement in the market is leading to better use being made of hotels. But new developments will follow only once we can claim the infrastructure we have is viable — and we're not there yet. Hotels that were running at a loss are only now beginning to show profits. But room rates are still too low to make the industry viable enough to build new units."

Hearfield puts the cost of building a 100-room hotel with one restaurant and a few conference rooms at R27m. "That's without the land. Moreover, it takes five years after completion before it starts showing profits." That's why Southern Sun and Holiday Inn are spending R22m on refurbishments.

"But even upgrading is horrendously expensive — it now costs R17 000 to upgrade a bedroom, compared with R11 000 a few years ago," he says. ■

SUNBOP's 10th ... managing director Peter Wagner and Tlhabane Sun general manager Marc Vlieghe

By CHARMAIN NAIDOO

S/Times 24/6/90

Olé! A new SunBop

(288)

THE R38,5-million Tlhabane Sun, designed and built by Sun International, opens tomorrow.

With investment capital put up by a Bophuthatswana parastatal provident fund, Sun International has leased the hotel and will manage it.

Built as part of a shopping complex 5km from Rustenburg on the road to Phokeng and Sun City, the Tlhabane Sun is the 10th hotel in Bophuthatswana to be built by Sun International.

Marketing manager Ernie Joubert says: "We are happy to lease the hotel — as we have done with the Molopo Sun at Mmbatho and the Naledi Sun at Thaba 'Nchu.

"Our investment is mainly in the moveable assets — including slot machines and furniture. Feasibility studies indicate that we will make healthy after-tax returns."

The 29-room hotel has a totalisator betting room, a slot-machine casino, an up-market restaurant, a fast-food coffee shop and conference facilities.

Mr Joubert describes the shopping complex-hotel as a "local market focus project". He believes the hotel will be used by businessmen travelling in the Rustenberg area.

"The slot casino will attract people from Rustenberg and Brits."

SunBop managing director Peter Wagner says: "It's an exciting hotel, built in Spanish style. It should prove a welcome addition to hotel amenities in the area.

"Its attractive restaurants and unusual gaming facilities will capture an entirely new set of customers who will find it convenient and relaxing."

Tourists are taking time to see the local sights

(288)

B Day 26/6/90

TOURISTS have always considered Johannesburg a gateway to SA more than a destination in itself.

Yet Johannesburg Publicity Association executive director David Appleton says the number of bed nights spent in the city is rising.

"Johannesburg gets more international visitors, counted in terms of bed nights, than any other city in SA," he says.

"Only 12% go to Cape Town and 9% to Durban, as compared with 37% to Johannesburg."

Although this may be accounted for by the fact that Johannesburg is the business capital of the country, he says the increase in the time spent in Johannesburg by the average visitor is an indication of the growing appeal of the city.

"The average stay of a visitor to SA is 16 days. In the past, a visitor averaged 1,8 nights in Johannesburg, which was regarded mainly as a place to get out of as fast as possible," he says.

But Johannesburg Sun manager Tony van Zantwijk says the number of international visitors has grown by 50% since last year.

Appleton says: "Our objective has been to increase the number of bed nights spent in the city by improving the facilities offered to the international visitor and making these known to him.

"In the past five years we have seen the average number of bed nights grow to 3,7 a visitor."

Wrong

He says the official figures on the number of international visitors to SA — which have been put at around 850 000 — are wrong, since 425 000 of these will have come from neighbouring states.

In addition these statistics count the visitor each time he enters SA via border posts in Lesotho, Swaziland or Transkei — which could happen several times during the course of one visit.

"Figures from hotels, transport organisations and tour operators indicate SA has some 150 000 overseas visitors annually — in other words, tourists who come to the country to spend money.

"Johannesburg attracts a healthy 37% of these," he says.

The city's major attraction is its shopping.

Carlton Hotel assistant GM Piero Farina says: "Johannesburg has the best shopping in SA."

The Carlton Centre is a big attraction — which will be enhanced by the extensions to what was formerly the dead-end of the centre.

In addition, the pedestrianised areas, such as Smal Street Mall, have tremendous appeal, as do the Oriental Plaza and the muti shops at the Diagonal Street end of town.

"Johannesburg is a real African city — it's not just another sanitized Western centre like Sandton City," says Appleton.

"The mix of people, the pavement vendors, buskers and the range of goods give the city a vibe that sets it apart and has tremendous exotic appeal to visitors."

Timeshare thefts

Bruce Davis was convicted in a Johannesburg Regional Court yesterday of stealing R78 188 from Southern Sun (Pty) between August 1988 and November 1989 by failing to deposit certain cash payments after selling timeshare units. The hearing was postponed to August 17. — Staff Reporter.

288

27/6/90

Star

Shebeeners to meet Vlok

288

A DELEGATION of the National Shebeeners' Association will meet the chairman of the Liquor Board, Mr Tommy Voster and the Minister of Law and Order, Mr Adriaan Vlok, in Pretoria today, to discuss various issues, including "legalisation" of their trade.

Sowetan 27/6/90

Mr Mtutu Hulana, president of NSA, said many members had been harassed by the police.

Time purchase satisfies most - researchers

Sowetan Reporter (288)

AN independent research conducted by Markinor has revealed that nine out of 10 timeshare owners are satisfied with their time purchase.

The survey done on behalf of the Resort Condominiums International (RCI) investigated, among other things, the level of member satisfaction with the timeshare week purchased.

More than 89 percent of owners indicated that they were either "satisfied or very satisfied".

The survey also revealed that:

* Timeshare owners were on average English-speaking, with tertiary education, aged over 35, married with one or more children;

* Family income levels of purchasers were above R4 000 a month; and

Sowetan 28/6/90

* Only 34 percent of owners have Afrikaans as a home language.

Commenting on the findings, RCI's managing director Mr Bruce Ravenhill said the real benefits of timeshare had triumphed over the gloomy predictions made by some observers of the industry.

He said an increase in membership was also a reflection of the public's confidence in timeshare as the best holiday option.

Karos group lifts earnings by 61% to R8,5m

Business Editor CAPTIMES 28/6/90 (288) (266)

THE Karos Hotel group, which lifted earnings by 61% to R8,5m in the year to March 31, is "constantly seeking new hotel and business opportunities", chairman and joint MD Selwin Hurwitz said yesterday. "Several projects are currently being investigated."

In spite of heavy expenditure on refurbishing and upgrading some of its hotels, including the Arthur's Seat at Sea Point, the group achieved operating profit of R13m on a turnover of R53,7m. Pre-tax profit was R9m and after-tax profit R8,9m. The interest bill was R1,7m.

Hurwitz pointed out that no meaningful comparison could be made with the previous year's figures, since the hotel group was listed in July last year through a reverse takeover of New Bernica.

However, earnings per share had increased by 63% to 30,6c (19,1c). Net asset value per share had risen to R3,31 from R1,99.

The number of shares in issue has risen to 27,8m from 15m.

Hurwitz said the refurbishment of six hotels would reposition the group in the upper three and four start markets.

In addition to this, Karos had started several new projects during the year. The most exciting was the new R21m Karos Lodge on the Sabie River close to the Kruger National Park.

This was opened in March and forward bookings looked promising.

FINANCE

Karos Hotels results cut by refurbishing

(288)

B/Day 29/6/90

BRENT MELVILLE

KAROS Hotels' large funding requirements for the majority of its 13 hotels have eroded results to the point where earnings to March do not quite measure up to prospectus forecasts.

● HURWITZ

At its listing last July, directors forecast earnings of 35c a share. The actual results were just shy at 30,6c. A final dividend of 6c was declared, bringing the total to 12c a share and putting cover at 2,5 times.

With no directly comparable figures available in view of the group's recent restructuring, turnover was R57,8m and operating profit R13,1m. Interest charges took a R1,8m bite, leaving attributable profits at R8,5m.

Chairman and joint MD Selwin Hurwitz said that although forecast earnings were not met, the performance was particularly satisfactory in view of the extensive refurbishing and upgrading programmes that took place over the year. Refurbishments were completed at the Karos Richards Hotel, the Karos Capital Towers Hotel, Karos Johannesburger and Karos Mont Aux Sources Hotel.

In addition, refurbishments have commenced and will be completed by September on the Karos Safari Hotel, Karos Manhattan Hotel, Karos Tzaneen Hotel, Karos Bayshore Inn and Karos Wilderness, Hurwitz said.

He said refurbishments worth R10m to the Karos Arthur's Seat Hotel were due for completion in November.

Hurwitz said it was hoped the refurbishments would reposition the group in the upper three and four star markets, and expand the business client base.

Companies were finding that the best place to bring the emerging black management into contact with their white colleagues was the hotel environment.

To that end, he said Karos was expanding on its conference facilities in all its hotels. In particular, considerable extensions were being planned for the recently acquired Indaba Hotel and Conference Centre.

During the financial year Karos acquired shares in Polana Hotels Limitada which in turn held a 60-year lease over the Polana Hotel.

Hurwitz said the Polana was undergoing a revamp worth R25m and was already running at 80% occupancy.

In addition, the group was looking for new hotel and business investment opportunities, said Hurwitz.

An existing hotel in Stellenbosch was currently under consideration, as well as the building of hotels in Port Elizabeth and Durban. The R21m Karos Lodge was completed and opened in March.

He said that although borrowings would increase as a result of the acquisitions and refurbishments, gearing would remain at acceptable levels.

"We are comfortable at 63,8% knowing our properties are undervalued," he said.

On the balance sheet, Karos showed a current ratio of 0,6:1, and interest bearing debt was at R6,6m. However, total assets were at R166,3m.

DROP-INN FM 29/6/90

FM. 29/6/90

Profits drop out

Activities: *Retail and wholesale liquor distributors.*
Control: *Directors have control.*
Chairman: *S R Berk; MD: J E Miles.* 288
Capital structure: *50,0m ords. Market capitalisation: R17,5m.*
Share market: *Price: 35c. Yields: 9,3% on dividend; 17,6% on earnings; p:e ratio, 5,7. 12-month high, 46c; low, 30c. Trading volume last quarter, 467 000 shares.*

Year to Feb 28	'88	'89	'90
ST debt (Rm)	3,8	3,9	9,3
LT debt (Rm)	—	—	—
Debt:equity ratio	0,20	0,19	0,43
Shareholders' interest	0,59	0,52	0,54
Int & leasing cover	—	—	13,0
Return on cap (%)	16,0	17,0	14,1
Turnover (Rm)	86,0	108,9	123,2
Pre-int profit (Rm)	4,94	6,71	5,68
Pre-int margin (%)	5,7	6,2	4,6
Earnings (c)	6,00	8,01	6,16
Dividends (c)	2,60	3,25	3,25
Net worth (c)	36	41	43

The past financial year is one that Sam Berk, Drop-Inn's chairman and principal shareholder, would prefer to forget. It brought to a head two major problems as a number of his

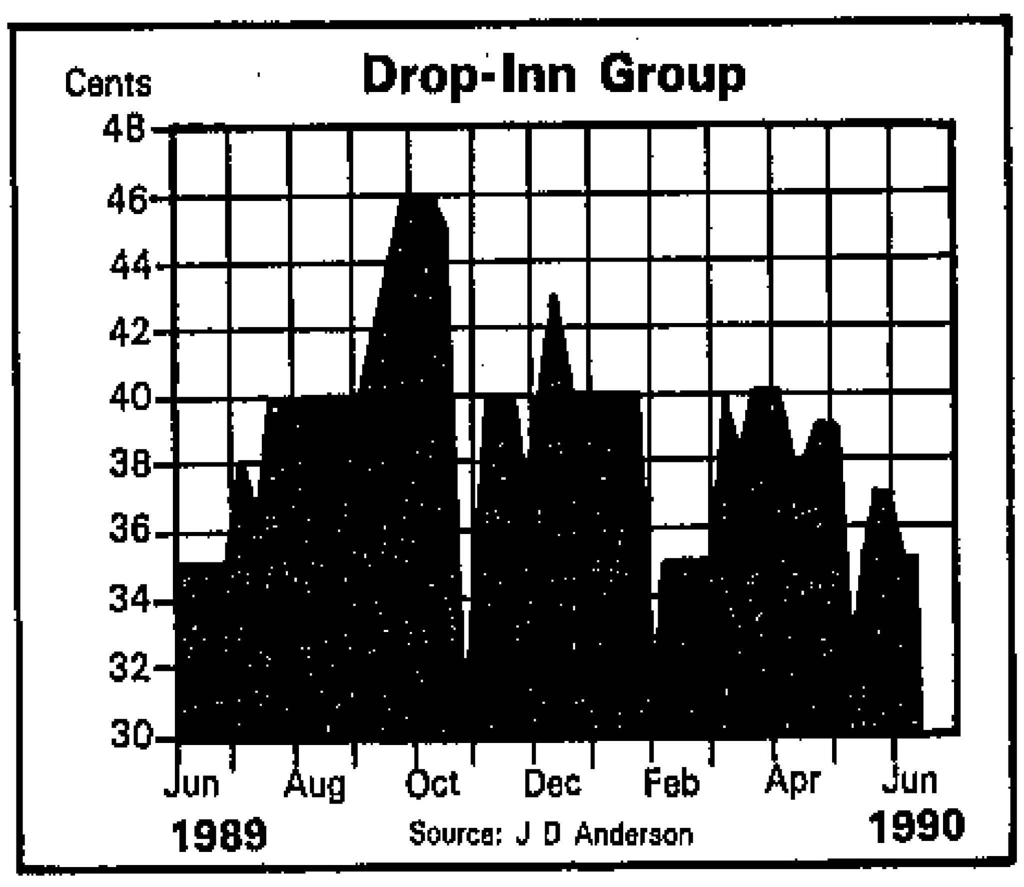
FM 29/6/90 288

senior executives abruptly walked out of the company and as revenues were hammered by a big theft ring in the Johannesburg Benny Goldberg's outlet.

While turnover recorded a 13% improvement, it was principally the influence of these factors that resulted in the 23% drop in pre-tax profit. Non-recurring expenses of R248 000 were involved in legal and severance fees attaching to the management departures. And Berk reckons the thefts at Benny Goldberg's cost the company more than R1m. But for these set-backs, Berk says, the results would have presented a far healthier picture.

The drop in profitability effected both return on shareholders' equity and return on capital. Nevertheless, the financial structure of the company remains sound. There is no long-term debt and short-term bank borrowings of R9,3m are well covered by accounts receivable of R4,9m together with reduced stock holdings of R19,7m. Accounts payable have been reduced to just R7,3m (R12,8m) and this reduction almost entirely accounted for the increase in overdraft finance. Clearly, Berk must have obtained good discounts from suppliers to make the cost of short-term bank finance worthwhile.

Drop-Inn ... trading hopes scotched by theft



While the retail trade in general is suffering from recession and austerity measures, Berk believes the liquor trade is not seriously affected. After the first quarter, Drop-Inn's sales were 30% up on last year and showing a bottom-line increase of about 20%.

Even though the Transvaal does not seem to be as buoyant as the rest of the country, Benny Goldberg's turnover is 20% ahead of last year. With its shrinkage problem under control, the Johannesburg store should make a sound contribution to company profits this year.

After the lifting of restrictions on vertical integration in the liquor industry, Drop-Inn is planning to increase the number of stores it manages. The finance for that will be found internally.

Berk expects earnings to grow by at least 20% this year, though that merely recovers part of the past year's decline. *Gerald Hirshon*

Nightclubs focus on teenage drinking

2-88

By JOSHUA RABOROKO

THE South African Nightclub Association has called a meeting in Johannesburg next Tuesday to discuss the escalating number of schoolchildren, especially those under the age of 18, who patronise drinking places.

An executive member of the association, Mr Brian Bantsheke, yesterday said that they were concerned about violent incidents, robberies and other crimes that take place at nightclubs, taverns and shebeens involving youths. Sowetan 29/6/90

He said: "Much as our businesses are not doing well because of inflation, unemployment and other problems facing our black communities, we feel strongly about the youths who drink at these places.

"Most of them - boys and girls - drink liquor and whenever under the influence resort to violence, sometimes causing damage to property."

"The situation often becomes intolerable and when remonstrating with them and owners have been attacked," he said.

Sun hotels gear for strike

Star 30/6/90 288

JULIENNE DU TOIT

SOUTHERN Sun hotels are expecting strike action to start next week and have begun to hire housewives, students and hotel school trainees, said the company's industrial relations manager Carl Ludick yesterday.

The official results of the strike ballot will be made known this weekend, Mr Ludick said, "but it seems there will be a majority vote in favour of strike action".

The strike is expected to involve 4 500 workers and to affect 42 hotels countrywide.

There was unofficial confirmation of this from the South African Commercial, Catering and Allied Workers Union (Saccawu).

The key issues are wages and the instalment of casual workers as union members, according to the union.

Management is offering a R100 increase on its minimum monthly salary of R590, and the union is demanding a minimum of R800, and an across-the-board increase of R160.

The union also wishes to address so-called "racist canteen facilities".

SERVICES SECTOR -

ACCOMM, LIQUOR & CATERING - GENERAL

1990

AUGUST — DEC.

Soaring costs cut hotel expansion

(288)

BDay 3/8/90

GERALD REILLY

PRETORIA — Soaring costs are undermining the country's hotel industry at a time when it should be expanding to cope with the expected sharp rise in foreign visitors, Fedhasa executive director Fred Thermann said yesterday.

● THERMANN

This was dramatically illustrated by the latest profit performances and other statistics affecting the hotel industry. According to the Central Statistical Service the net profit of hotels throughout the country increased by 16,7% in the first quarter of the year to R37,023m compared with January-March last year.

Thermann said when inflation of at least 15% was taken into account the figures represented a virtual standstill in the hotel trade.

However during the three months there was a spectacular increase in capital spending by hotel groups.

This increased from R28,394m in 1989 to R51m in 1990.

This, Thermann said, had been spent mostly by the big hotel groups on refurbishing and upgrading programmes. Lesser amounts had been spent on extensions to one- and two-star establishments.

To remain competitive in a highly competitive market the three-, four- and five-star hotels had to spend continously on interior replacements and improvements.

A major cost factor in the industry was labour and continual pay increases for staff members.

"This is if productivity rises in proportion, but it is the experience of the industry that this does not often happen, if ever.

"Building costs, too, rose sharply in recent years at a rate of at least 20% a year."

On top of this high interest rates made big inroads into profits.

Another indicator of the struggle of the industry to maintain standards and at the same time turn in a reasonable profit was the amount spent on rentals of buildings and machinery.

In the first quarter last year this amounted to R19,816m compared with R27,644m in January-March.

Receiver has several VAT problems

GERALD REILLY

PRETORIA — Procedures and problems associated with the introduction of VAT were discussed at a top level meeting of Receivers of Revenue at Warmbaths earlier this week, Inland Revenue commissioner J W Hattingh said.

The staffing problem associated with switching GST to VAT was also on the agenda. BDay 3/8/90

However, not discussed was the black taxi tax drain which, according to authorities' estimates, is costing the country several hundred-million rands a year, he said.

Hattingh said his directorate was looking closely at the problem. He declined further comment.

Other sources said the number of black taxis plying between townships and work areas was between 50 000 and 70 000.

It is estimated that gross earnings of the industry exceed R2bn.

However, the SA Black Taxi Association (Sabta) claims the tax loss is exaggerated and that the high costs of maintenance of vehicles, as well as their initial cost, has not been taken into account.

Sabta also claims that the majority of black taxi operators have income falling below the taxable level.

'Timeshare owners satisfied'

SURVEYS undertaken by timeshare companies have shown that nine out of 10 timeshare owners are happy with their purchase. B Day 8/8/90

According to a recent Markinor study, 89% of owners say they are either satisfied or very satisfied with their purchase.

RCI MD Bruce Ravenhill says: "RCI figures reflect this continuing positive trend. During 1989 some 36 000 weeks of timeshare were sold with a value of R172,8m in sales.

"Total new member enrolments for the first six months of 1990 have reached 11 114, representing average sales of 1 850 weeks to first-time buyers of timeshare each month."

RCI's enrolment figures for the first six months have shown a decrease of about 12% over the same period in 1989, but Ravenhill believes these figures are an encouraging endorsement of the acceptance of timeshare in spite of the depressed state of the economy.

Timeshare company H Lewis Trafalgar MD Rioma Cominelli agrees with the survey. 288

She says if a purchaser ~~is not~~ happy he can sell his stake. Although timeshare marketing has sometimes come in for negative criticism, she says some companies give purchasers a "cooling off period" before a contract becomes binding.

"The industry has done a dramatic amount of cleaning up in that developers and marketers who are not part of the SA Property Owners Association (Sapoa) will not have the same credibility as those who are," she says.

Ravenhill says the Cape resorts represent the highest volume of timeshare sales, followed by inland resorts.

Cape enrolments include sales from Garden Route resorts and extend through the Peninsula to the west coast areas of Langebaan and Port Owen.

Transun embarks on R100-m expansion

(288) Star 10/8/90

By Ann Crotty

Transun is planning a R100 million expansion of its Wild Coast operation over the next two years. The primary objective is to increase the number of day visitors to the resort, which will be helped by the completion of the motorway between Durban and the Wild Coast.

As Transun generates a massive cash flow, funding the operation can be done with minimum borrowings and without pushing gearing above management's own guideline of 60 percent. During each of financial '91 and '92 years some R50 million will be devoted to the expansion programme.

The additional facilities will include a new hotel, new restaurants, an enlarged casino, a massive new parking area and extensive new leisure activities.

The decision to invest in the Wild Coast highlights the importance of this operation to Transun. It also highlights the fact that this northern region of Transkei is by far the most attractive for casino/leisure type developments because of its proximity to Durban and the south coast.

In the Umtata Supreme Court settlement early this year the Transkei government guaranteed exclusive gambling rights to the Wild Coast casino until July 1998 but said that the central and southern divisions were immediately open to competition.

The Cabana will have 150 rooms, bringing the total to around 550. As Transun chairman Ken Rosevear points out, occupancy at the Wild Coast has consistently been running at around 80 percent (79 percent in financial '90): "In practical terms this means that accommodation is generally at capacity and makes the addition of extra accommodation an important priority."

The new facilities are designed to take advantage of the increasing population in Durban and its hinterland. And also of the extensive residential development along the south coast.

According to Mr Rosevear the resort already receives one million day visitors each year and at peak periods operates at near maximum capacity: "In order to cope with a new influx, facilities for day guests will have to be substantially enlarged and improved, particularly if we are to maintain the high levels of service and standards which are our trademarks."

Management's plan involves a forecast of an estimated additional 100 000 day visitors to the resort each year.

The announcement of the R100 million expansion was made at the same time that Transun released its financial '90 results, which were significantly constrained by the unrest in the Natal region. Management is expecting only marginal growth in financial '91.

For the 12 months to June Transun reported a pedestrian 10 percent increase in earnings to 34,1c (31,1c) a share. A dividend of 25,5c (23,5c) will be paid for the full year, which means that dividend cover is unchanged at 1,3 times.

Mr Rosevear says the expansion programme will not necessitate an increase in this level of cover. This reflects the strong cash flow generated and the fact that management is unlikely to want to squeeze the dividend flow to shareholders, a major one of which is the Transkei Development Corporation.

Turnover was up 12 percent to R163 million (R145 million), but operating profit was up only two percent to R64 million (R62,5 million). This was attributed to the difficult trading conditions with a significant slowdown in consumer spending, the unrest in Natal and labour disputes. In the last quarter of the year Transun had to pay a 7,5 percent gaming levy — compared with the previous five percent levy.

The company earned R5,3 million from interest — up sharply on financial '89's R1,6 million. This was in line with its strong liquidity position and the high interest rates. At end-June Transun had cash of R70 million.

The interest income lifted the increase in pre-tax profit 10 percent — to R69,1 million (R63 million). Attributable earnings were R49,4 million from which an extraordinary amount of R1,5 million was deducted. This amount arises mainly from the write-off of goodwill relating to Transgames which will be amortised equally over the four years to end-June 1993.

CH-Tans 10/5/90 288

R100m expansion for Wild Coast Sun

Own Correspondent

JOHANNESBURG. — A R100-million expansion plan for the Wild Coast Sun Resort, on Transkei's northern border with Natal, and which will include a new hotel and an enlarged casino, was announced here last night.

First phase of the expansion will comprise substantial additions to the day visitors' facilities, and the expansion of the casino.

There will also be a "state-of-the-art" entertainment area for all age groups.

The new accommodation will increase the number of bedrooms to more than 500.

Transun chairman Mr Ken Rosevear said improved road access from the south coast of Natal projected an increase in day visitors, already running at about one million a year, by another 10%.

The new hotel is expected to be ready by the end of 1992.

COMPANIES

Transun figures edge up 10%

MANDY JEAN WOODS

B/Day 10/8/90

TRANSUN'S attributable earnings improved a modest 10% to R49,4m (R45m) in the year to end-June as a lower day visitor rate and higher gaming levies brought results down.

In the past year, the number of day visitors suffered as a result of harsher economic conditions and the unrest in Natal, Transun chairman Ken Rosevear said yesterday.

"But room occupancies held up. The hotel had an average room occupancy of 80% for the year, in line with that attained last year but higher than room occupancies attained by the hotel industry in SA."

Gaming levies paid to the Transkei government rose from 5% to 7,5%. A total of R50m (last year's figure was R45m) was paid to the government this year.

A final dividend of 12,5c a share was declared, bringing the total to 25,5c (23,5c) on earnings of 34,1c (~~31,1c~~) a share.

288

Cash in the bank totalling in excess of R70m (R58m) helped to offset negative trading conditions, Rosevear said.

"We forecast marginal growth next year, but with the expansion we believe we will be well placed to take advantage of any resurge in the economy," he said.

Casinos 'unlikely to be shut' if homelands reincorporated

W/Mail 10/8-12/8/90

:288

By ROBERT LAING

TRANSKEI Sun International (Transun) has obtained exclusive gambling rights in northern Transkei until 1998 in exchange for the government's gaming levy increasing to 7,5 percent from 5 percent in March.

Chairman Ken Rosevear, speaking yesterday at the release of Transun's financial report for the year to end-June, said: "We foresee gaming rights being retained if the Transkei is reincorporated into South Africa.

"Transun paid about R50-million to the Transkeian government last financial year — revenue that any future government would presumably want to keep."

The Transkei government presently owns 29 percent of Transun.

Rosevear said locating casinos in outlying areas was an international practice and would be kept if the homelands were disbanded.

To prove its confidence, the group is embarking on a R100-million expansion programme to the Wild Coast Sun casino and entertainment facilities.

Transun said the past year had been difficult because of labour disputes, a slowdown in consumer spending and unrest in Natal.

Its operating profit of R64,0-million was only 2 percent higher than last year (R62,4-million).

Rosevear would not divulge what percentage of the group's profits was generated by its casino.

The attributable earnings of R49,4-million translate into 34,1c earnings a share (31,1c).

A final dividend of 12,5c a share was declared.

Because of the higher gaming levy, depressed economic activity, a deteriorating rand and high interest rates the group forecasts only marginal growth this year.

The first phase of the expansion project is scheduled for completion by December 1991 and the second phase by December 1992.

The project includes an under-cover car park that can double as open-air sporting arena.

A fun-fair to entertain children while their parents get down to serious gambling at the enlarged casino is to be built.

The Wild Coast Sun had an average room occupancy level of 79 percent last year — high by local standards.

Rosevear expects more than 100 000 visitors a day when the new South Coast highway is completed this year.

The number of hotel rooms will increase from 400 to 550.

Forbidden paradise opens to S Africa?

Star 11/8/90

288

CHRIS MOERDYK

SOUTH African jet-setters could soon have another exotic island paradise opened up to them if President F W de Klerk and Foreign Minister Pik Botha succeed in normalising relations with the Malagasy Republic during their visit to Madagascar this week.

It is also believed that the visit might put the seal on landing rights on the island for SAA which earlier this year was granted overflight rights by the island government.

While President de Klerk's reform initiatives are seen to be the major motivating factor in Malagasy's about face on South African ties, the small republic — the 11th poorest nation in the world — recently set in motion an ambitious tourist development plan in order to boost the local economy. And it clearly sees South Africa as a nearby and lucrative source of revenue.

Watershed decision

Four weeks ago Saturday Star reported on the Malagasy government's watershed decision to renew ties with the West and plans by the third-largest hotel group in Europe, Pullman International, to build no fewer than 10 new hotels on the island.

This week, Beachcomber Hotels, which hosts about a quarter of the 40 000 South Africans who visit Mauritius every year, confirmed that it is to build three new hotels on Madagascar.

The five-star 412-bed Royal Tana Hotel will be built in the Malagasy capital Tananarive and is scheduled to open in October 1992. Two Beachcomber group seaside resort hotels will open in the Diego Suarez area in 1994 and 1995.

According to Beachcomber commercial director Robert de Speville, the major markets for Madagascar are expected to be France, West Germany, Switzerland, Italy and South Africa.

"Madagascar has immense tourist potential, thanks to its rich cultural backround, diversity of scenery, magnificent forests and unspoilt beaches and lagoons," he said.

(1B) (288) Star 13/8/90

NEWS

Getting ahead with a hard hat ... SunBop's Sol Kerzner and Bophuthatswana president Lucas Mangope at a sod-turning ceremony for the R650 million development of The Palace in the Pilanesberg last week. The Palace, part of Sun City, will house 3 000 guests. It will be set in artificially created jungle and will be the biggest single hotel development in southern Africa.

SunBop surpasses forecasts

Star 13/8/90

(258)

Finance Staff

Results from Sun International Bophuthatswana (SunBop) for the 12 months to June have surpassed most expectations.

Turnover of R627 million was 26 percent ahead of those for the previous year. Operating profit of R190 million was 20 percent up.

The lower operating margin was mainly due to the higher rate of gaming levies applicable at certain major resorts, which have now reached the maximum legislated.

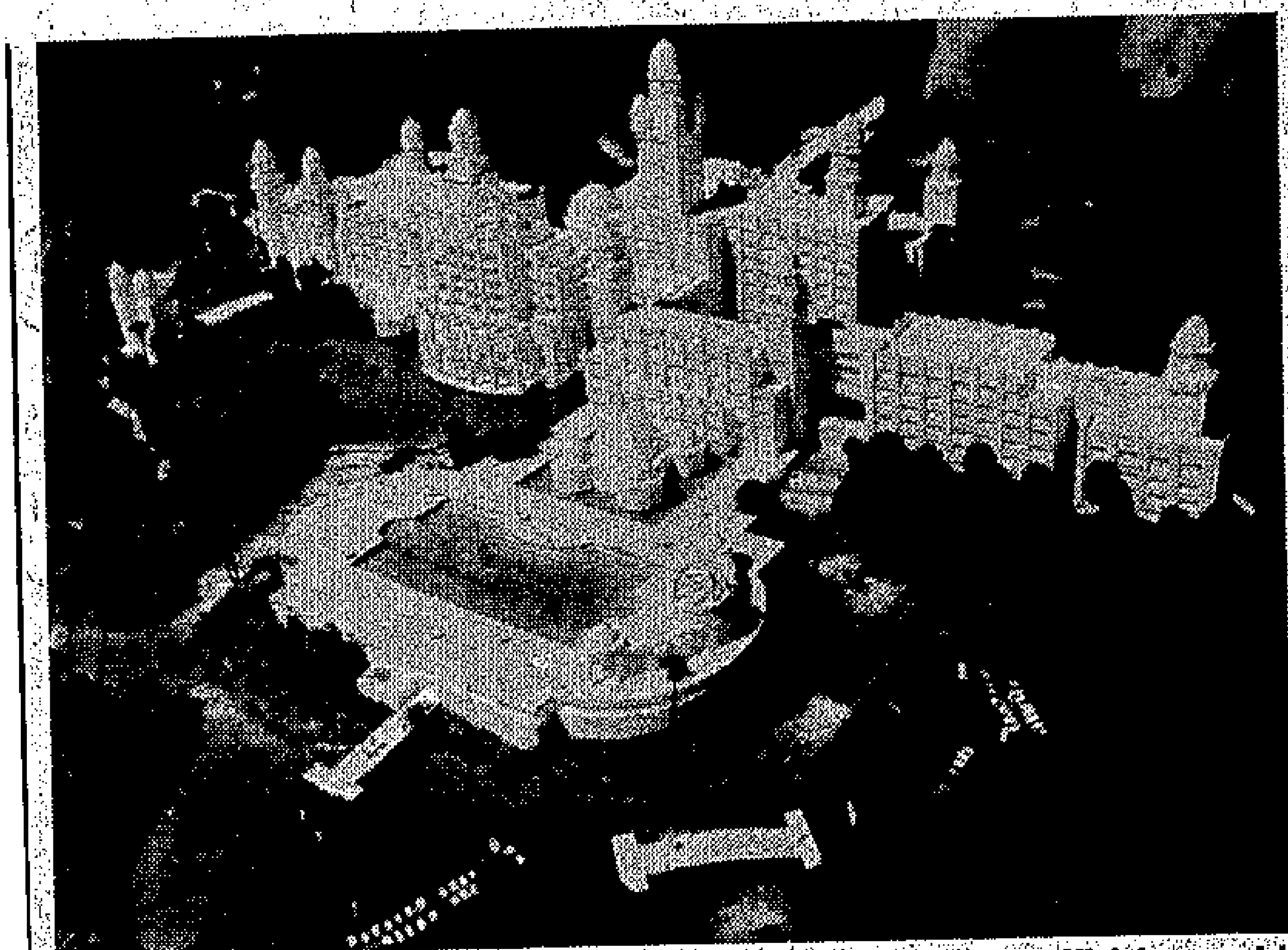
Enhanced tax allowances relating to hotel buildings and fixed plant resulted in a lower effective tax rate of 30 percent.

Attributable earnings grew 38 per ent to R157 million and earnings per share at 145,2c were 38 percent up.

The group had an annual average occupancy of 80 percent — 16 percent higher than that of 3-, 4- and 5-star hotels in SA.

A final dividend of 63c has been declared, bringing the total to 108c per share (78,5c the previous year).

Difficult trading conditions of recent months are unlikely to improve significantly in the coming year, the directors say. The group nevertheless expects a reasonable improvement in earnings, although at a more moderate rate.



Sunbop chairman Sol Kerzner was present on Saturday for the official ground-breaking of his R650m Lost City project (shown in the model) at Sun City, expected to be completed in December 1992. Pictures: ROBERT BOTHA

Value of SI building projects increases R118m to R1,1bn

288

B Day 13/8/10

MANDY JEAN WOODS

CASINO resort and hotel giant Sun International is to begin an R18m expansion and refurbishment of its Mmabatho Sun hotel before the end of the year, bringing to R118m the value of new construction projects announced this week.

Sunbop deputy chairman Ken Rosevear said at the weekend the Sunbop board approved the refurbishment and expansion proposal for its 13-year-old Mmabatho Sun hotel on Friday.

This brings the total value of Sun International (SI) building projects announced in the past seven months to more than R1,1bn.

An official sod-turning ceremony on Saturday marked the beginning of construction on the R650m Lost City project at Sun City.

Construction on the R350m Babalegi resort is expected to start soon. Last week, SI announced a R100m expansion for the Transkei-based Wild Coast Sun resort, the group's third largest money-spinner after Sun City and Morula Sun.

Sun International (Bophuthatswana) (Sunbop) also announced a 38% increase in attributable earnings to R157,4m (R114,5m) and an equal rise in earnings a share to 145,2c (105,6c) for the year to end-June, reaffirming its blue chip status and its ability to buffer tough economic times.

Rosevear said Sunbop's results were "outstanding, especially if compared to the industry as a whole, and matched half-year forecasts".

The company has had average annual compound earnings growth of 32% a year in the past 10 years.

A final dividend of 63c a share was declared, bringing the total dividend for the year to 108c (78,5c), a 38% increase.

Turnover of R626,5m was reported, 26% ahead of last year's R499,1m, resulting in a 20% increase in operating profit to R190,4m (R159,2m).

"The lower operating margin was mainly due to the higher rate of gaming levies applicable at certain of the major resorts which have now reached the maximum legislated," Rosevear said.

Enhanced tax allowances relating to hotel buildings and fixed plant resulted in a lower effective rate of taxation of 30%.

Holding company Kersaf's results which are due out today are expected to reflect its subsidiaries' good fortunes.

Interleisure last week reported a 10% increase in attributable earnings and Transun a 14% increase.

Sunbop is the largest of the subsidiaries in the Kersaf group.

BUSINESS DAY, Monday, August 13 1990 3

Sun City has 'political buffer'

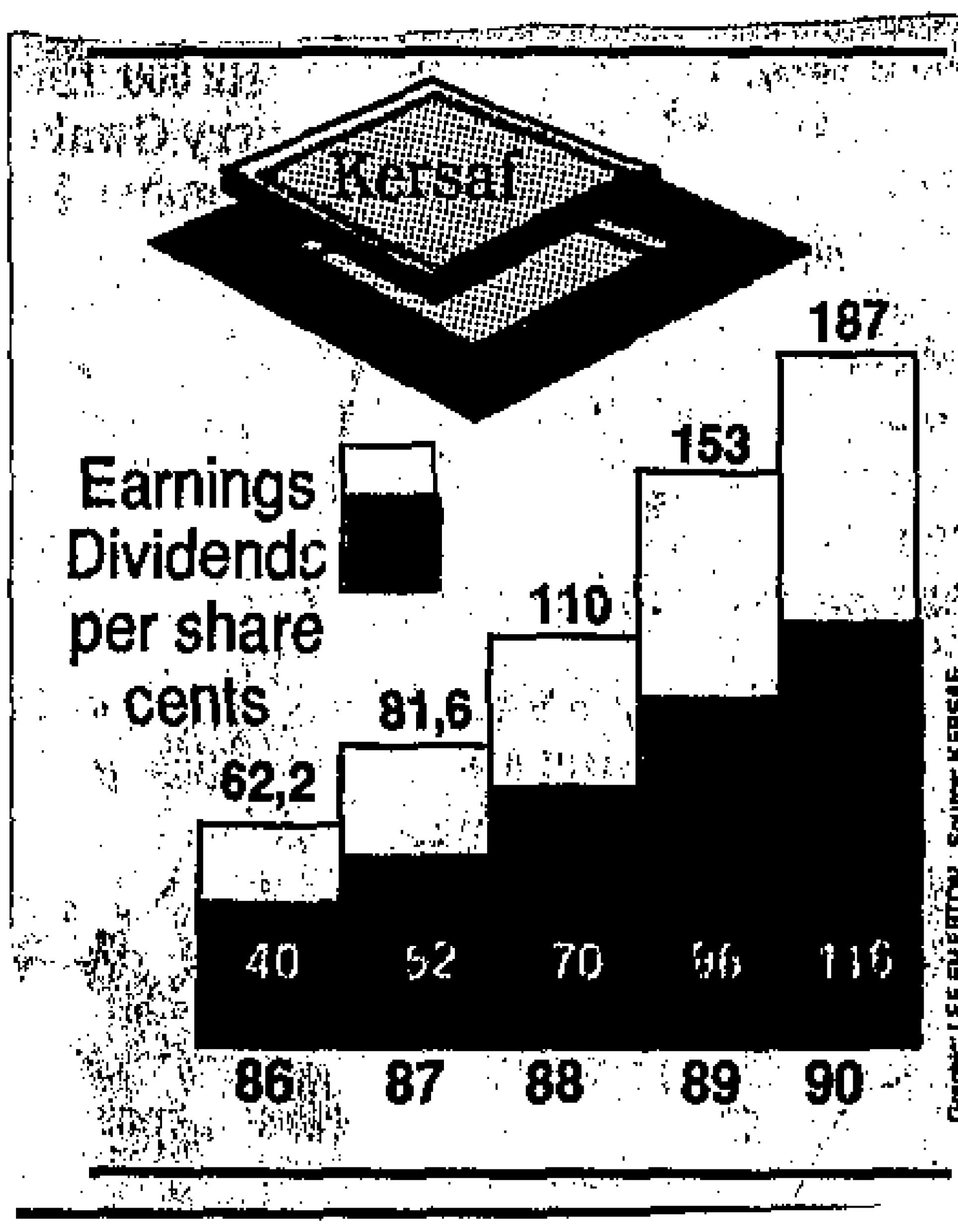
288

MANDY JEAN WOODS

SUN City's ability to foster a profitable regional tourist industry as a result of its fame as one of the world's most luxurious and imaginative resorts would hopefully buffer it against detrimental political changes in the region, Sun International (Bophuthatswana) (Sunbop) chairman Sol Kerzner said at the weekend.

In an interview at a ground-breaking ceremony to mark the beginning of construction of the R650m Lost City project at Sun City, Kerzner said he believed the changes taking place in SA were encouraging for the whole region.

Two factors, he said, favoured continued development by Sun International (SI) in Bophuthatswana — political changes in SA had already had a positive effect on negative perceptions abroad and regionally, and the expansion at Sun City would serve as an added attraction for tourists and boost its international image.



Kersaf increases earnings by 22%

BDay 14/8/90

MANDY JEAN WOODS

KERSAF Investments, a holding company with major interests in hotel group Sun International, cinema, film production and restaurant group Interleisure and Kersaf Liquor, improved its attributable earnings by 22% to R140,2m (R115,4m) in the year to end-June.

288

Kersaf chairman Buddy Hawton said yesterday he was pleased with the results particularly those of Sun International which reported a 38% increase in attributable earnings for the year.

The 23% increase in casino levies was also pleasing, he said.

A final dividend of 66c (57c) was declared, bringing the total dividend to 116c (96c) a share, a 21% increase.

An extraordinary loss of R3,9m was incurred, the net result of the loss on the closure of Sun International's Comores operations and the profit realised on the sale of the investment in Southern Sun Holdings.

Turnover rose 19% to R1,6bn (R1,3bn) and operating profit improved 20% to R436,6m (R362,4m) despite the slowdown in consumer spending and unrest.

"Our offshore interests came through strong this year as well and, depending on the rand/dollar exhange rate, should do well next year," Hawton said.

□ To Page 2

Kersaf

BDay 14/8/90

288

□ From Page 1

In the year to end-June, interest-bearing debt fell to R201m (R224,4m) with the debt: equity falling to 17% (23%).

Trading conditions are expected to be tough in the coming year with economic activity depressed, interest rates high and the labour situation difficult. However the group expects further earnings growth.

Sun International (Bophuthatswana) and Sun International (Transkei) should continue to show growth, Hawton said.

Interleisure would probably show a more modest increase next year compared with the 14% increase in attributable profits it reported last week as new tax legislation for film production took effect.

"Ster-Kinekor, which showed a 13% increase in cinema attendance, should do well." He said there had been a large increase in black attendance at cinemas. The group was looking at taking cinemas into black areas or catering for those coming to cinemas in white areas.

This would be an important trend in determining Ster-Kinekor's growth over the next few years, he said.

High hopes for Spurhold

288

SYLVIA DU PLESSIS

SPUR Holdings (Spurhold) directors are anticipating a substantial increase in earnings a share and dividends in the current year to end-February, chairman Allen Ambor says in his latest annual review.

Their optimism is based on the continuing success of the group's export activities and the value of the rand hedge, coupled with the returns from its re-entry into direct retail restaurant activity, he says.

Spurhold, with a 40% holding in Spur Steak Ranches (Spur), posted earnings of 12,88c (12c) a share during the period under review on turnover which fell to R4,2m from R7,5m. Dividends of 10,75c (10c) were declared.

Ambor says while the past financial year has been a difficult one for many SA companies, Spurhold saw the first "glimmers of success" in its quest to establish an overseas export market.

It also returned to, and set in motion, its philosophy of equity participation in direct retail restaurant activities and concluded the development of the initial phase of its fast food franchise.

"Insofar as the financial results are concerned, the increase in dividend to shareholders may, to some, look disappointing when viewed in isolation.

"If viewed in the context of the medium term development activities and infrastructural reorganisation which occurred during this transitional period, the overall result in terms of cash dividend, share growth and enhanced long-term potential comes together as a much more stimulating picture."

Commenting on Spurhold's export activities, Ambor says the group achieved "some success" in penetrating a very competitive EC market towards the end of the financial period.

The first three shipments of catering equipment have been successfully manufactured and despatched, and directors are optimistic that substantially increased orders will be forthcoming throughout the year.

With the continued strength of EC currencies against the rand, Spurhold's export activities will produce "a steady flow" of foreign after-tax profits, which will be utilised for dividend distribution and further expansion into export markets.

BD 14/8/92

SunBop gives boost to Kersaf

Star 14/8/90 (288)

By Ann Crotty

Strong performances by SunBop and Royal Resorts enabled Kersaf to report a 22 percent hike in earnings for the 12 months to June.

The increase, in line with market expectations, took attributable earnings to R140,2 million, equivalent to 187c (153,8c) a share.

A final dividend of 66c (57c) has been declared, bringing the total to 116c (96c).

Turnover was up 19 percent to R1,5 billion (R1,3 billion).

Operating profit rose 20 percent to R436,6 million (R362,4 million). A hike in net interest income lifted the increase in pre-tax profit from R375,7 million to R458,1 million.

At the attributable level, listed subsidiaries contributed R90 million of the total R140,2 million.

The listed entities include a 39 percent stake in Interleisure and an 80 percent stake in Sun International.

The former reported a 14 percent increase in attributable earnings to R35,3 million, with Kersaf taking a 39 percent stake of this — just under R14 million.

Sun International, in turn, comprises a 41 percent stake in SunBop, 53 percent of Transun and, (until end-May '90) a 21 percent stake in Southern Sun.

In addition, there is unlisted Royal Resorts and various Southern African hotels and casino.

The star performer overall was SunBop, with a 38 percent surge in attributable profit to R157,4 million. Kersaf's share of this is around R51,6 million.

Transun reported a 10 percent increase in earnings to R49,4 million, with R21 million of this going to Kersaf.

Southern Sun's contribution was not much more than R4 million and was for the period to May 23, from which date the sale of Sun International's 21 percent stake to SAB was effective.

Kersaf's unlisted interests include 100 percent of Kersaf Liquor; Sun International's Royal Resorts and the Southern African hotels.

Kersaf's chairman Buddy Hawton won't be drawn on specific contributions, but says the bulk of the balance came from Royal Resorts: "The offshore operation made a very meaningful contribution and reported a substantial increase."

The directors refer to an extraordinary loss of R3,9 million incurred during the year. This does not appear in the income statement as it was deducted from shareholders' funds.

The amount is the net result of the loss on the closure of operations in the Comores and the profit realised on the sale of the investment in Southern Sun.

Sun International's 21 percent stake in Southern Sun was sold for R71,6 million.

Kersaf received R57 million of this and Mr Hawton says the profit element on the sale of the shares was R22 million.

This means Kersaf took a R25 million loss on the closure of the Comores operation.

The balance sheet at end-June shows gearing down from 23 percent to 17 percent, reflecting the strong cash flow generated by subsidiaries.

Capital commitments have shot up to R1,18 billion from R77 million, the bulk of it accounted for by planned expansion at Sun City, Babalegi and Transun.

Kersaf ups earnings by 22%

288

Cape Times 14/8/90

By MANDY JEAN WOODS

KERSAF Investments, a holding company with major interests in hotel group Sun International, cinema, film production and restaurant group Interleisure and Kersaf Liquor, improved its attributable earnings by 22% to R140,2m (R115,4m) in the year to end June.

Kersaf chairman Buddy Hawton said yesterday he was pleased with the results particularly those of Sun International which reported a 38% increase in attributable earnings for the year.

The 23% increase in casino levies was also pleasing, he said.

A final dividend of 66c (57c) was declared bringing the total dividend to 116c (96c) a share, a 21% increase.

An extraordinary loss of R3,9m was incurred, the net result of the loss on the closure of Sun International's Comores operations and the profit realised on the sale of the investment in Southern Sun Holdings.

Turnover rose 19% to R1,6bn (R1,3bn) and operating profit improved 20% to R436,6m (R362,4m) despite the slowdown in consumer spending and unrest.

"Our offshore interests came through strong this year as well and, depending on the rand/dollar exhange rate, should do well next year," Hawton said.

In the year to end-June, interest-bearing debt fell to R201m (R224,4m) with the debt:equity falling to 17% (23%).

Trading conditions are expected to be tough in the coming year with economic activity depressed, interest rates high and the labour situation difficult. However, the group expects a further earnings growth.

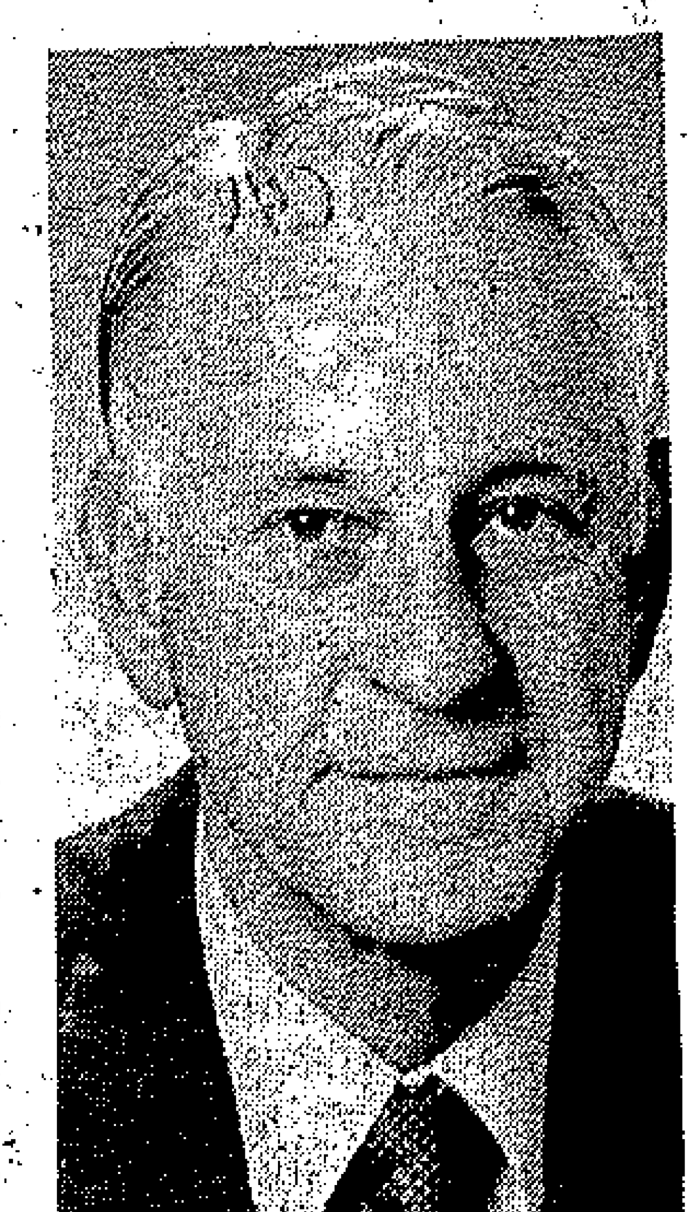
Sun International (Bophuthatswana) and Sun International (Transkei) should continue to show growth, Hawton said.

Interleisure would probably show a more modest increase next year compared with the 14% increase in attributable profits it reported last week as new tax legislation for film production took effect.

"Ster Kinekor, which showed a 13% increase in cinema attendance, should do well." He said there had been a large increase in black attendance at cinemas. They were looking at whether to take cinemas into the black areas or to cater for those coming to cinemas in white areas.

This would be an important trend in determining Ster Kinekor's growth over the next few years, he added.

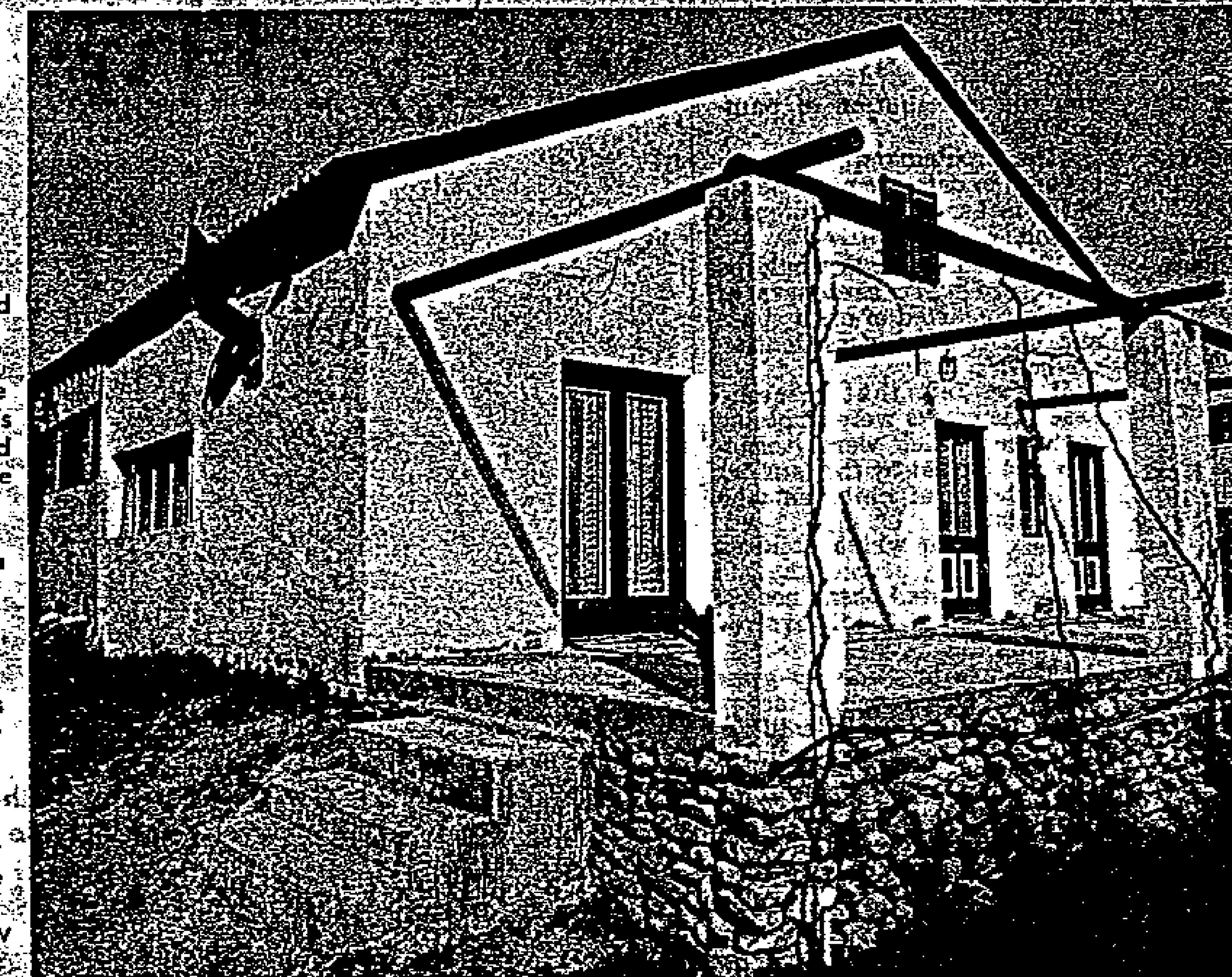
Percy Bernstein has been appointed branch manager, agency division, Cape Town, at Sage Life.



Colin Elliott, CE of Improvair Holdings, has been appointed to the board of M & R Industrial.

588

Farmers open private social club



LEFT: Barman Mr Jan Losch, who has been with the McGregor hotel for 30 years, serves drinks to former actor Mr Johan Louw, left, and garage owner Mr Norman Schultz. At the till is the hotel's owner who did not want to be identified. The bar has lost custom since a new club opened in the town.
RIGHT: The house which is to be used by local farmers as a club house. A wall has been built in front of the property.
Pictures: ANDREW INGRAM, The Argus.

Members deny it has anything to do with a recent racial incident

By ANDREA WEISS
Staff Reporter

CONTROVERSY surrounds a move by a group of young McGregor farmers to establish a private club for themselves in the town, deserting the traditional watering place at the local hotel.

Supporters of the hotel believe the move was prompted by a racial incident in the hotel's bar two months ago but the club members maintain that they are only trying to provide some entertainment for young farmers in the area.

Chairman of the new club Mr Japie Oosthuizen said their plans had been in the pipeline for more than a year.

Wives can come along

Of the allegation that the club had its origins in a racial incident, Mr Oosthuizen said: "That's an absolute falsehood. It's purely a social club. There is not as much to do here as in the city and there is a stigma attached to going to a hotel while your wife sits alone at home. At the club, the wives can come along and there are braai facilities and a swimming pool which the hotel can't offer."

The local hotelier, who was reluctant to be named, believes the club had its origins in an incident a few months ago.

She maintained that a group of farmers stood up and left her bar when two coloured men entered and were served there. However, another source said the men were known to be trouble makers and the group was trying to avoid an argument.

Local garage owner Mr Norman Schultz, who still patronises the hotel, said he believed the farmers did not wish to sit "shoulder to shoulder" with their labourers and lose authority in the work place.

Constitution

Former actor Mr Johan Nel, who recently settled permanently in McGregor, said of the hotel: "This has been a gathering place since I first started coming here (in 1984). Last March, everything was still the same. Nobody breathed a word about forming a club and then all of a sudden I heard all this nonsense."

But Mr Alf Cloete, who has helped draw up the club's constitution, contests the view that racism had anything to do with the move. He said he had specifically advised the young farmers not to have anything referring to race, religion or colour in the constitution.

He said the club was intended to be a darts and pool club possibly expanding to rugby. It would also serve as a social gathering point for the wives.

Karos to focus on consolidation

288

MANDY JEAN WOODS

KAROS Hotels would, once its R75m refurbishment programme ended in November, focus on consolidating, chairman Selwin Hurwitz said recently.

In the group's latest annual report, Hurwitz said 25% of the group's total rooms and facilities were unavailable from April last year to March this year because of refurbishment. B/Day 17/8/90

During the past financial year, Karos Hotels acquired the Indaba Hotel from First National Bank for R20m and a 32,5% stake for R2,25m in the Mozambican company that holds a 60-year lease on the famous Polana Hotel in Maputo, as well as the management contract worth $324 000 annually.

It also acquired a 32% stake in Namib Etosha Tourism Group and opened the R21m Karos Lodge and Timeshare Resort.

The decision to embark on a major expansion project to meet both local and foreign market needs had affected short-term profits.

However, the long-term benefits would fully justify this action.

Hurwitz said the first four months of the current financial year had been "extremely tough but we hope the next eight months will be much better". He said they believed shareholder benefits would be substantial.

During the next year, it was hoped at least five of the group's hotels would be upgraded to four-star ratings.

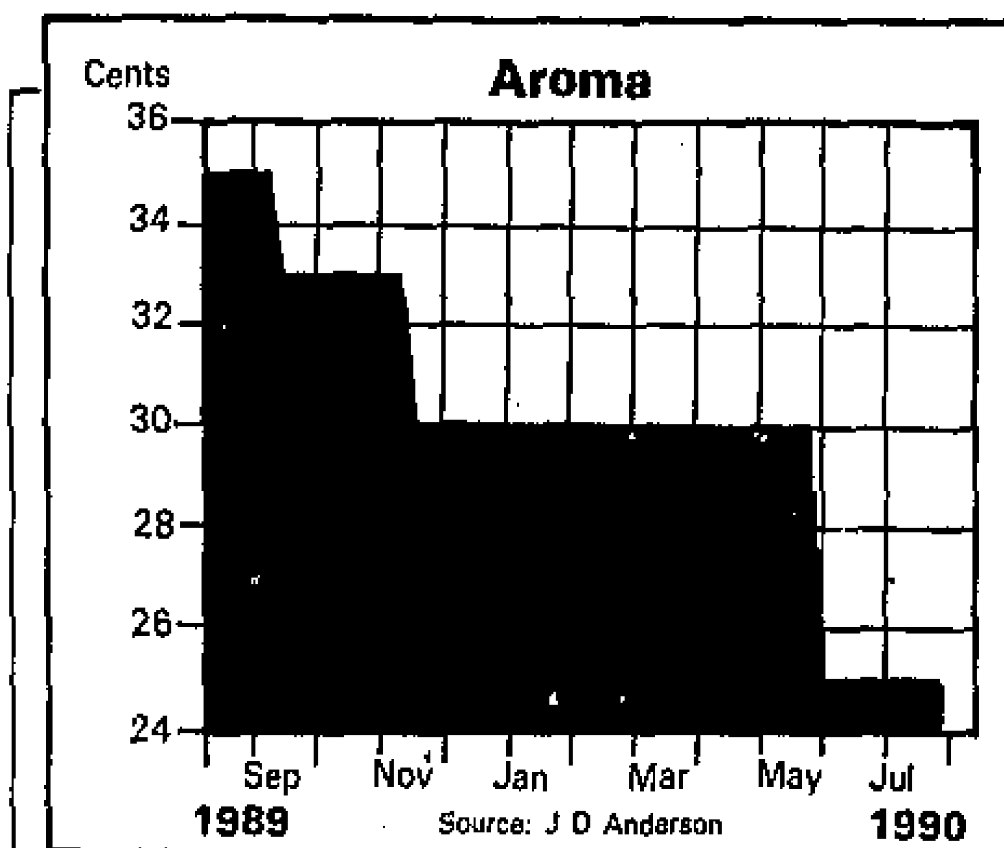
AROMA FM 17/8/90.

Scent of success 288

Aroma Liquor Holdings' hotel division seems set for a record year, with additional accommodation of 50 rooms and conference facilities now fully operational at the Brackenfell Aroma Protea Inn.

Chairman and MD Mike Kovensky says public response to the new facilities is favourable despite current economic conditions. The expansion in hotel and conference facilities may help to protect earnings from keen competition in the liquor industry. A two-month delay in completion of the hotel expansion hampered operating income owing to loss of potential business over the peak summer season. Set-up and related costs also eroded income.

Trade & Tourism Minister Kent Durr's announcement in May of the abolition of the



FM 17/8/90 (288)

Activities: *Operates retail liquor outlets, provides management services to the liquor industry and conducts a hotel operation.*
Control: *Directors 61,6%.*
Chairman and managing director: *M L Kovensky.*
Capital structure: *16,1m ords. Market capitalisation: R4m.*
Share market: *Price: 25c. Yields: 10,0% on dividend; 24,0% on earnings; p:e ratio, 4,2; cover, 2,4. 12-month high, 35c; low, 25c. Trading volume last quarter, 42 000 shares.*

Year to Feb 28	'88	'89	'90
ST debt (Rm)	0,5	0,9	2,3
LT debt (Rm)	0,4	0,1	0,9
Debt:equity ratio	—	0,23	0,67
Shareholders' interest	0,65	0,71	0,38
Int & leasing cover	70,2	28,8	5,6
Return on cap (%)	13,9	23,4	12,5
Turnover index	100	183	227
Pre-int profit (Rm)	1,0	1,9	1,4
Pre-int margin (%)	—	—	—
Earnings (c)	6,8	6,6	6,0
Dividends (c)	2,25	2,5	2,5
Net worth (c)	29	27	30

Liquor Act's 12-outlet rule should augur well for the liquor industry. The group has facilities in place to take advantage of opportunities that may result.

Problem is, the group's high gearing will probably restrict its ability to fund suitable acquisitions. The threefold increase in interest-bearing debt stems from the hotel expansion, costs of repositioning liquor outlets in the market and a 23% rise in stocks of strategic brands in certain product categories before annual price increases in January. Liquidity ratios may improve after reduction of the stocks since year-end.

The Muizenberg liquor outlet was unprofitable as trading difficulties resulted from construction work in the area. It was sold and funds will be more efficiently employed elsewhere.

Earnings growth until now has been rather dull, largely because the Act restraints prevented expansion of retail outlets. The share trades at 25c, its lowest level since listing three years ago, and the market has not yet reacted to the recent developments.

Gerhard Slabber

the same p...

tion.

Gillian Findlay

KERSAF F/M 17/8/90 (288)

Back to the screen

The movies are still an affordable luxury but enthusiasm for trips to the tables of far-flung casino resorts is being tempered, as reflected in Kersaf's results for the year to end-June.

But, while tight economic conditions will continue to restrain the group's growth this year, expansion plans at the resorts and the

F/M 17/8/90

return of day-trippers should set the wheels spinning again.

Kersaf's operating profit rose 20% on a 19% turnover advance compared to the 1989 fiscal year. Attributable earnings were boosted by interest earned on the cash pool and a slightly lower tax rate. These results reflect the performances of listed subsidiaries Sunbop, Transun, Interleisure; unlisted resort hotels in Ciskei and neighbouring states; Riviera International; Kersaf Liquor and the group's offshore interests.

Turnover and operating profits of both Sunbop and Transun were restrained by declining consumer expenditure and also by a fall-off in the number of day-trippers because of unrest in surrounding areas, particularly in Natal. A rise in gaming levies and labour disruptions at both resorts placed further pressure on margins. Room occupancies were high — 79% in the Transkei and more than 80% in Bophuthatswana. Sunbop's operating profit rose 20% but Transun only managed a 2% increase.

The other side to the coin of tight trading conditions is high interest rates and the cash-flush casino resorts benefit from this: Transun earned net interest of R5,1m (R0,5m) and Sunbop R34,14 (R14,4m). And with lower effective tax charges, Sunbop and Transun lifted their earnings by 38% and 10% respectively.

Interleisure only reported a 3% turnover rise, but the directors point out that 43 company-owned food outlets were franchised in 1989 and an additional 18 in May and two "minor operations" in the sports division were sold — on a comparable basis turnover rose 13%. Ster-Kinekor and the related service division escaped the effects of declining consumer spending, with cinema attendance rising 13%. The retail operations, and particularly the sports division, felt the impact and Interleisure's EPS rose only 11%.

Kersaf CE Buddy Hawton says the unlisted resorts performed satisfactorily and produced better trading results. Per share earnings of Kersaf not attributable to the listed subsidiaries increased 17%, from about 47c in the 1989 year to 55c.

This year, conditions such as those experienced since February 1990 are expected to continue. Growth at Sunbop and Transun will thus ease, but of the unlisted companies, only Sunbop will produce positive real growth. Costs continue to rise and the higher gaming levies will apply for the full year.

The R1bn additions to the Bophuthatswana resorts and the R100m expansion announced this week for the Transkei operation is expected to meet demand for accommodation and provide for a greater stream of day-trippers. Roads to Mzamba and to Sun City are being upgraded, which will reduce trav-

(288)

elling time and avoid potential unrest situations.

Some investors may well be concerned about the risk attached to these large investments now. Management, for its part, attempts to allay fears about possible loss of exclusive gaming rights at the resorts in the "homelands", and of the threat of greater government participation. They point out local governments already have very large stakes in the operations: in Transkei, 43% of value-added accrued to government in dividends, taxes and levies.

The difficult economic conditions and a higher effective tax rate are expected to limit Interleisure's earnings growth in the 1991 year but its longer-term growth looks promising.

Kersaf's results will merely reflect the lukewarm prospects for its subsidiaries. Chairman Buddy Hawton merely offers the cautious prediction of "further growth in earnings in the year ahead."

Pam Baskind

288

Call for casinos 'within SA'

JOHANNESBURG. — The country's hotel industry has come out firmly in favour of casinos within South African borders.

In a statement here yesterday, the industry's representative body, Fedhasa, said the issue had again become pertinent in the light of possibly reintegrating the TBVC countries into the Republic.

Should this occur, says Fedhasa executive director Mr Fred Thermann, the existing casinos in the so-called homeland areas would effecively become casinos within South African borders.

"It would be totally impractical and financially disastrous to insist upon the closure of these facilities, which represent multi-million investments and which generate employment and wealth."

At the same time, however, it would not be equitable to continue to ban casinos from cities such as Cape Town or Durban, "thereby giving unfair preference to some existing casinos".

Hundreds of thousands of South Africans had frequented casinos across the borders over the past decade and there could no longer be any moral arguments against opening such facilities in South Africa itself. — Sapa

Safety in campus pubs — UCT leaders

22/8/90

288

By JOHN VILJOEN
Staff Reporter

RESIDENCE pubs provided safe social recreation venues, said University of Cape Town student leaders.

They were commenting on a UCT application for liquor licences for pubs in 14 residences — a move which has provoked protest from some Rondebosch and Rosebank residents.

But, said the students, the pubs were meeting places with a long history and where behaviour was strictly controlled.

"They are good places to socialise, especially as they bring first-year students into contact with seniors," said Smuts Hall head student Brad Rutherford.

Students who used the pub in his residence were well behaved, he added.

If the new regulations were properly enforced, the public would have no problems.

Driekoppen head student Roger Vineall said it was safer for students to drink in a residence.

"If a guy drinks too much he can crawl up to his room, rather than perhaps getting killed on Main Road," he said.

These pubs were social gathering points and played an important role in residence life, he added.

Glen head student Kaiser Netshitomboni commented: "They are a place for students to get together and an important form of recreation."

Residents of Rondebosch and Rosebank had little cause for concern as student behaviour at his residence's pub was generally acceptable, he said.

Another head student said there had been no alcohol abuse by students at his residence.

Students should have a pub in their residence as he had found that not all bars near UCT welcomed blacks.

"It's a bit problematic for students to go to the townships and there have been incidents of students being attacked in Rondebosch, so I think it is better to have a pub here," he said.

Sanctions obsolete – Kiwi MP

Star 23/8/90

(288)

By Kaizer Nyatsumba, Political Staff

The international community should now review its attitudes towards South Africa and lift sanctions to help President de Klerk to ward off the right wing, according to a visiting New Zealand parliamentarian, Ross Meurant.

Mr Meurant, who is in South Africa on a 21-day visit as a guest of the Department of Foreign Affairs, said Mr de Klerk had gone a long way towards normalising the political situation and he needed all the help he could get from the international community.

Sanctions and SA's isolation, which may once have been necessary, had now become obsolete and needed to be reviewed in the light of recent political changes.

"I see President de Klerk as being very close to committing political suicide," said Mr Meurant, who is a member of the National Party, the opposition party in New Zealand, which he said was within a hair's breadth of becoming the next government after the forthcoming general elections in October.

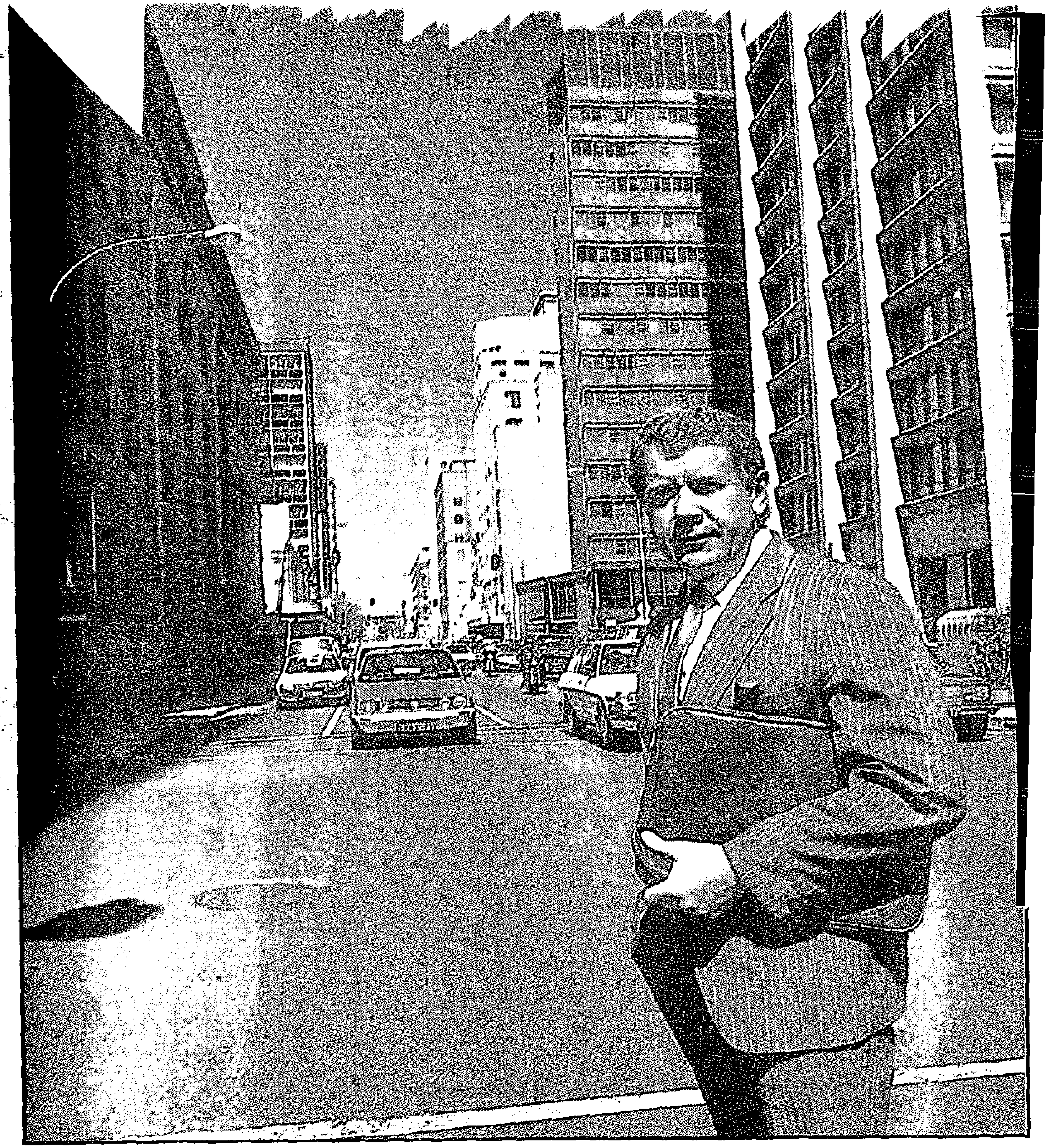
Mr Meurant, who was a policeman for 21 years before entering politics in 1987, said the fighting in Natal and in townships on the Reef had to stop because it undermined Mr de Klerk and strengthened the right wing's anti-reform views.

In the three days he had been in the country, Mr Meurant said he had found a reservoir of goodwill among white South Africans towards the changes introduced since February 2.

Rebel tour

The whites with whom he had come into contact had rejected the idea of a New Zealand rugby rebel tour, about which he had been asked back home to make investigations in South Africa. This, he said, was a clear indication of whites' enthusiasm for Mr de Klerk's reforms.

Mr Meurant, author of "The Red Squad Story" and "The Beat to the Beehive", said that during his stay in the country he would meet Government officials, white trade unionists, Inkatha leaders, businessmen, bureaucrats and members of the Indian and coloured communities.



New Zealand parliamentarian Ross Meurant, who has called for sanctions against South Africa to be lifted, in a Johannesburg street yesterday. ● Picture by Etienne Rothbart.

W/Mail 24/8-26/8/90

Recession hits hotels

288

Weekly Mail Reporter

THE recession has hit the hotel industry hard. Always a barometer of economic conditions, the industry reports a 9,5 percent decline in occupancies in May compared with May 1989. Every category except five star hotels was affected.

The May returns for the industry confirm the trend since the beginning of the year and the January to May moving average for room occupancies is down 4,6 percent overall compared with 1989.

The biggest drop in May of 16,4 percent was experienced by hard-pressed one star hotels.

CASINOS F/M 24/8/90 (288)

Making the big play

The Federated Hotel, Liquor & Catering Association of SA (Fedhasa) plans to ask government to allow casinos in SA. But, as a sop to a non-resident member, Sun International, it doesn't want government to close any casinos in the independent homelands if they are re-incorporated into SA.

This pitch was prompted by a resolution at Fedhasa's annual congress last month. The association will also lobby for the repeal of the Sunday Observance Act which, it says, is hurting tourism.

Fedhasa has supported the call for casinos for five years. It would like to see at least one in Durban "where hoteliers are complaining that they're being hurt by casinos in Swaziland and on the Wild Coast," says executive director Fred Thermann.

He adds: "The law should be the same for all. We know we'll run into flak from church groups and others but we can see no reason why casinos should be allowed in the TBVC countries and not in SA."

He suggests that, to appease objectors, the State should use gambling taxes to finance health services and social programmes. "That's the way it's done overseas."

Fedhasa Natal chairman Alan Gooderson is foursquare behind Thermann. "We believe Durban should have casinos. Tourism is down there but gambling groups are recording record profits in TBVC countries. That's unfair trading. It will certainly be unfair trading if the TBVC countries are re-incorporated and gambling is allowed there and nowhere else."

Gooderson says the Portuguese and Spanish routes should be followed in Durban. One-armed bandits should be allowed in hotels with other gaming, such as blackjack and roulette, restricted to casinos owned by the city and operated by entrepreneurs for the ratepayers' benefit.

Southern Sun says it would be in no rush to establish casinos if they were allowed in

F/M 24/8/90 (288)

SA. That's a predictable response, seeing that it owns 20% of southern Africa's biggest casino operator, Sun International.

"That shareholding must obviously influence any decision we take," says Southern Sun's Bruno Corte. "It must also be borne in mind that Sun International will move in and be one of the main players if casinos are allowed in SA. And they would be formidable opponents."

Sun International MD Ken Rosevear concedes that "if they do allow casinos in other centres, our operation would be affected." But he believes the experience in the US and Far East would be repeated here. Each state in the US can decide whether it wants them. Only Nevada, New Jersey and South Dakota have them; Florida rejected them in 1987. In the Far East they're found only in the enclave of Macao.

"The lesson is, they aren't desirable in major population areas," he says. "Neither New York nor Los Angeles have them. There are ways, other than casinos, to attract tourism. Lotteries and football pools could be one way to satisfy gambling appetites in large cities and generate funds to develop tourism." ■

Casinos can't gamble on future

Sowetan 24/8/90

288

SHOULD the homelands be reintegrated into South Africa, it could have serious effects on the legality of casinos within South African borders.

It was with this in mind that Fedhasa, the industry's representative body, announced its decision to support the idea of casinos operating in South Africa at its annual national congress.

Should the so-called homelands become part of South Africa, the existing casinos there would effectively become casinos in South Africa, said Mr Fred Thermann, Fedhasa's executive director.

"It would be totally impractical and financially disastrous to insist upon the closure of these facilities, which represent multi-million-rand investments and which generate employment and wealth."

Unfair

It would be impractical and unfair to still ban casinos from cities like Cape Town and Durban, he said.

Mr James Viviers, regional director of Fedhasa in the Western Cape, said it was highly likely that Cape Town's hoteliers and businessmen would grab at an opportunity to establish casinos in the city.

Mr Alan Romburg, involved in the hotel side of a project to launch a floating hotel and casino pleasure craft to sail from Table Bay to Durban next year, said that he, on the hotel side of the venture, would definitely be interested to obtain a licence for a separate hotel casino on the craft.

The planned pleasure craft will, under current law, have to be at least 17km out at sea and outside national waters before the captain can switch on the slots for gambling to begin.

Romburg said he believed the legalisation of casinos could do a lot for tourism to Cape Town.

The Minister of Trade, Industry and Tourism, Mr Kent Durr, said the scrapping of laws to allow for gambling in the country should the homelands be incorporated, will be a bridge crossed "if and when we come to it". - *Sowetan Correspondent*

Careful planning is crucial in restaurant game

Star 24/8/90 288

Mike Ross, MD of Mike's Kitchen Franchising ... beware of frantic pace.

In a restaurant industry currently over-traded and characterised by fragmentation and keen competition, leading franchised operations are proving the most successful.

Mike's Kitchen Franchising MD Mike Ross says many major franchised restaurant brands are developing at a frantic pace. In an over-traded industry, this is perhaps not always in the best interests of the branch or the franchisee.

"Franchising is obviously a low risk method of achieving growth. But if it is not done on a carefully planned basis the medium to long term results could be disastrous," he says.

The net effect of over-trading has been a reduction in profitability. This has been particularly acute for individually owned non-branded restaurants.

He says there is a tendency among restaurant chains to attempt to become all things to all people.

"The competitive nature of the restaurant business has resulted in a mode of operation which has one-and-a-half eyes on the opposition and half an eye on one's own business. This results in a tremendous amount of 'copycat' type of marketing."

Mr Ross says it is becoming more difficult to become a franchisee. In some (but not all) of the larger brands restaurant development costs are around the R1-million mark. This has the effect of raising barriers to entry.

Mike's intends becoming a long-term player in the southern Africa restaurant market and will thus develop new restaurants in a careful and planned manner.

"Our emphasis is on high-quality franchisees and prime locations. With this in mind, considerable emphasis is placed on the franchisee selection process."

Hotels face hard times

By Michael Chester

The hotel business has been hit hard by the cash squeeze on holiday budgets caused by the economic slowdown.

The current wave of violence has worsened the blow to the hotel trade.

On the latest count taken by the Federated Hotel, Liquor and Catering Association of South Africa (Fedhasa), released yesterday, more than half the hotel rooms in South Africa were standing empty — stranded by the lowest rate of bookings since the recession and political turmoil that hit South Africa in the mid-1980s.

Fedhasa chairman Alan Gooderson said the average drop in bookings in Natal was no less than 15 percent compared with a year ago.

Hotels along the south coast had suffered most, with bookings down a dramatic 22,6 percent.

Much of the blame for the fall, he said, was because many Transvaal travellers were nervous of running into trouble if they tried to motor to Natal and encountered violence in the province.

The shrinkage in hotel reservations had been worsened by hard economic times, the toll of inflation on budgets and the cost of high interest rates on credit drawn to foot holiday bills.

Mr Gooderson still saw good chances of a recovery in tourist traffic to Natal in time for the Christmas/New Year holiday break.

"After all," he said, "Durban is the holiday mecca of the southern hemisphere and still one of the cheapest holiday destinations in the world."

Fedhasa executive director Fred Thermann estimated that on a nationwide count, the number of hotel room occupancies in May showed an overall decline of 9,5 percent compared with a year ago.

Hotels in all grades had suffered, he said.

This was with the exception of hotels in the five-star class, which saw a 6,2 percent increase in bookings, thanks largely to an influx of visitors from overseas who took advantage of weak rand exchange rates with their holiday cash.

The biggest drop in bookings was suffered by one-star hotels, which were down 16,4 percent.

Two-star hotel room occupancies were 9,7 percent lower, three-star hotels were down 2,4 percent and four-star hotels by 4,5 percent.

Mr Thermann said the entire hotel trade was worried by signals that room occupancies as a whole were running at less than half of capacity — 49,4 percent, the lowest since the mid-1980s.

"The results show once again how sensitive the hotel and tourism industry is to economic conditions and political developments," he said.

The implementation of a new blueprint for the enire industry had now become still more pressing, he added.

Kouvaras threatens to complain to Minister, police chief

Star 28/8/90 (288)

By Norman Chandler

Objections to reporters being given access to information obtained by the police about a Johannesburg hotelier could result in complaints being lodged with the Minister of Law and Order and the Commissioner of Police.

This was threatened yesterday when Alexander Kavouras complained about a Sunday Star report, published on February 25, alleging that the Civil Co-operation Bureau (CCB) had used his hotels as meeting places. Mr Kavouras also objected to his Quirinale Hotel, in Hillbrow, being called a drug and vice den.

He had also not been deported from Zambia but had left because his temporary residence had expired.

Mr Kavouras also denied being the subject of an alleged police narcotics-related investigations, claiming that he had been exonerated.

Lawyer Allan Levin, for Mr Kavouras, made the threat when the South African Media Council heard a complaint against a Sunday Star story.

It was claimed that the report was intended to defame, injure or cause embarrassment to Mr Kavouras.

Starline reporter June Bearzi told inquiry chairman Mr Justice G Kotze that Brigadier Basie Smit, former head of the SA Narcotics Bureau, had informed her "we are working on getting Mr Kavouras deported . . . he was virtually running Zambia before he was deported (from that country)".

Access to eight police dossiers on Mr Kavouras had been granted to Sunday Star reporters, Ms Bearzi said.

The inquiry was adjourned until October 19.

Star 28/8/90 288 289 290

Hotelier denies report on 'sex, drug den'

By Norman Chandler

A Johannesburg hotelier yesterday denied he had ever been deported from Zambia or that one of his hotels had been used as a "sex and drug den".

Greek millionaire Alexander Kavouras told a South African Media Council inquiry in Johannesburg that he had been defamed by the Sunday Star.

He also denied that the SA Defence Force's covert Civil Co-operation Bureau (CCB) had used his hotel for secret "funny meetings".

Breach of code

The Sunday Star has denied Mr Kavouras's claims.

Mr Kavouras, who owns the Quirinale and Park Lane hotels in Hillbrow, Johannesburg, brought the complaint on the grounds that a report in the Sunday Star edition of February 25 was a breach of the Media Council's code of conduct.

The hearing was attended by The Star's deputy editor-in-chief Rex Gibson and Sunday Star editor John Hildyard.

Mr Levin told Mr Justice Kotze that as his client had had no formal education in English, it was necessary for him to assist Mr Kavouras in analysing the article which had allegedly defamed his client.

Mr Kavouras told the inquiry he had never met the reporter who had written the article, Janine Lazarus.

Miss Lazarus had, however, telephoned him to ask whether he knew a man named Staal Burger, a retired police colonel and a former commander of the Brixton Murder and Robbery Squad.

Mr Burger was, according to evidence led before the Harms Commission, regional manager of Sector 6 of the CCB and, according to evidence led before the Media Council, was general manager of the Park Lane

Greek millionaire Alexander Kavouras (left) consults with his attorney, Allan Levin of Allan Levin and Associates, at a South African Media Council inquiry yesterday into a report published in the Sunday Star.

28/8/90

Star

288

He claimed the report was "not truthful, accurate and objective", it was not balanced; the facts were untrue; no attempts had been made to verify the correctness of what had been published; and the newspaper had "refused to rectify the matter spontaneously and without reservation or delay".

The inquiry, which has been adjourned until October 19, is being heard by Mr Justice G P C Kotze, assisted by a panel consisting of Professor S A S Strauss of Unisa; Sapa editor Edwin Linington; Professor Arrie de Beer of Potchefstroom University; and Potchefstroom newspaper editor S Hoogenboezem.

Mr Kavouras is represented by Allan Levin, of Allan Levin and Associates, and the Sunday Star by Peter Reynolds, of Webber Wentzel.

Hotel.

"Nothing that appeared in the Sunday Star article was ever discussed with me," said Mr Kavouras.

Questioned by Mr Levin on his links with Zambia, Mr Kavouras denied he had ever been deported from that country.

Ordered out

The inquiry heard that the Sunday Star had contacted Zambian lawyers and on July 23 this year had heard that Mr Kavouras had in fact been served with a deportation order in December 1985.

Mr Kavouras again denied he had ever been deported from Zambia or been involved in drug activities. He conceded, however, that he had left Zambia in December 1986 after his temporary residence permit had expired.

Sunday Star report 'true and objective'

(288) Star 28/8/90

By Norman Chandler

The deputy editor-in-chief of The Star, Rex Gibson, told the SA Media Council yesterday that a report about a millionaire hotel owner was "substantially true, accurate and objective". It had also been published in the public interest.

He said Alexander Kavouras, owner of the Park Lane and Quirinale hotels in Hillbrow, Johannesburg, had been "let off lightly" by the report which appeared in the newspaper on February 25 this year.

The Sunday Star had reported the Quirinale Hotel to be a "sex and drug den" and that the Park Lane Hotel had been used as a meeting place by the Civil Co-operation Bureau (CCB).

Mr Gibson said: "We are ready to deal point by point with each item of the complaint but we believe it is also necessary to explore the nature of investigative reporting."

He said investigative journalism was "not a licence to publish without being damned. It is not exempt from the council's code of conduct nor from the ordinary laws of the land. But it is very different from ordinary reporting."

He said the report conformed to the definition of investigative journalism.

"Mr Kavouras claims he was denied an opportunity to have his say. We say he denied it to himself. Miss (Janine) Lazarus will tell this council she telephoned to seek his comments on all that we proposed to publish. Mr Kavouras cut her short, and refused to listen to further questions," Mr Gibson said.

He said that twice Mr Kavouras tried to put a stop to the Sunday Star's investigations.

"Once he threatened an interdict and summonses for defamation. Nothing happened. Then he complained to the Media Council, also threatening future action through the courts. We submit that that, too, was intended to have a gagging function."

Mr Gibson said the complainant had sought to "weave a web of half-truths in an attempt to create the impression that he is an innocent person who has been wronged by a dishonest and self-seeking newspaper.

"By doing so, he launched an attack not only on this newspaper but also the two journalists to whom he makes reference."

Mr Gibson told inquiry chairman Mr Justice G P C Kotze there were four facts which linked the essence of the report.

These, he said, were that "the complainant is a shadowy figure of dubious reputation; he hired Staal Burger (regional manager of the CCB's Sector 6) as general manager of a hotel even though Mr Burger had no experience of the hotel business; the exposure of Mr Burger as leader of a CCB cell; and meetings at odd hours between Mr Burger and other men subsequently identified as CCB agents".

Wheels fall off attraction of seeking market listing

Star 28/8/90 (288)

By Ann Crotty

Fedvolks and Southern Sun will probably be delisted next month, bringing to 20 the number of companies that have withdrawn from the JSE in calendar 1990.

In calendar 1989 some 22 companies were delisted.

An additional 21 companies are currently suspended. Some of these will become cash shells, others, at a later stage, will be delisted.

There are currently only one or two applications for listing. This is in sharp contrast to the boom year of 1987 when 211 new names came to the boards.

Many of the companies delisting or considering delisting are those that came to the boards in the heydays of '86 and '87.

A number of things went wrong. The exchange collapsed in October 1987, leading to greater circumspection on the part of investors — no more pouring money into an investment simply because it was listed.

A residual effect of the '87 crash is the virtual disappearance of individuals and the dominance of institutional investors.

As institutions have increasingly concentrated on blue chips and the individual has not been around to take up the slack on second-liners, these share prices have languished at levels that are often unjustified. The situation has deterred a number of aspirant public companies.

In instances where an employee share-participation scheme was involved, the subsequent under-performance of the share has provided little motivation for employees.

The weakness in the economy has also aggravated the situation by holding back profit performances.

Sam O'Leary, a partner at Price Waterhouse, says some of listings have disappeared as a result of mergers, acquisitions and consolidations.

But he adds a lot of companies that did come to the boards in '86 and '87 did not have the right motivation, which is to get funds to finance growing businesses and not to give owners the opportunity to realise part of their investment.

Mr O'Leary believes delistings will continue for a while as some smaller companies endure difficult conditions and neither see nor reap the benefits attached to the costs of listing.

These costs can add as much as R100 000 to a company's expenses, which is a hefty sum for a small DCM company earning a profit of around R500 000 a year.

In its latest In Touch magazine, Ernst & Young says the costs of listing include: "The requirement to publish more information about company activities to the investing public than in the case of non-listed companies; the need to comply with JSE regulations and the need to publish expensive annual reports.

"There is also the real but hidden cost of management's focus becoming short-term in response to the pressure to publish attractive results."

And, as Ernst & Young says, these costs don't go away merely because a company's shares are not being actively traded.

The lack of attraction a flotation holds for company founders is not a JSE phenomenon.

In London, the October '87 crash, the limited liquidity of smaller shares and the increasing pressures of public company life have all led to a growing awareness of the drawbacks of going public and have reduced the numbers of companies taking the route.

Ernst & Young advises that a delisting should not be taken lightly, chiefly because of the costs attached — walking away from a listing that cost hundreds of thousands of rands and incurring more professional costs in establishing a buyout price for minorities. In addition, delisting is a step not easily undone.

Clamp on taverns

The Lekoa Town Council will no longer consider requests to recommend liquor licences for people wanting to operate licemced shebeens. 288

The council took this decision after complaints from residents that robberies, rape and assaults were rife in the township because of the taverns.

Tavern associations in the Vaal - the South African Taverners Association and the National Taverners Association - have expressed their dissatisfaction at the decision and indicated that they would seek meetings with the council.

The acting town clerk, Mr Thomas Mkaza, said a council-appointed committee found that residents encountered numerous problems, such as robberies, rape and violence at the taverns.

Mkaza said that the council had informed the liquor board about the decision, but taverners' associations would be told about the decision later.

The decision not to recommend the issue of more licences has affected more than 200 people awaiting the results of the applications for licences to operate shebeens. Town coucils do not grant licences, but their approval is necessary before the liquor board grants one.

There are more than 110 legal shebeens in the area, although the number of shebeens in the area could be anything reaching the 500 mark.

Sowetan 30/8/90

Pleasure Foods earnings slashed

288 CT Times 30/8/90

JOHANNESBURG. — Pleasure Foods's expected profit performance for the second half of the financial year ended June did not materialise and the substantial loss incurred by the Pizza Hut division impacted on the group's earnings, which fell sharply.

The Wimpy, Milky Lane and Golden Egg divisions of Pleasure Foods improved their performances in the year ended June 30, but the Juicy Lucy division reported an unchanged profit, while the Pizza Hut division incurred a loss, the board reports.

These results are reflected in the consolidated income statement for the year which shows a satisfactory 9% increase in turnover at R88,4m, compared with the previous year's R80,8m.

This led to a profit before tax of R2,5m (1989: R4,6m) and bottom-line earnings of R1,2m (R3,5m). This was equivalent to earnings of 2,6c (7,8c) a share and the annual dividend was reduced to 1,5c (3c) a share.

However, the current year's outlook is brighter with the board of this Anglovaal operator and franchisor of fast-food outlets stating that, providing there is no dramatic further deterioration in trading conditions, consolidated earnings should improve in the current financial year — based on the recovery potential within the Pizza Hut division.

In the light of the lower earnings, the declaration of a dividend of 1,5c reflects this confidence and the sound cash flow.

Sharply reduced capex of R3,3m (R8,6m) and tighter cash controls led to lower borrowings and thus interest paid decreased to R874000 (R1,2m).

Stokvel industry looks set to be covered by Liquor Act

B1094 3/1/90 288

THEO RAWANA

THE R52bn-a-month stokvel industry looks set to be accommodated in the Liquor Act following the first talks between the National Stokvels Association of SA (Nasasa) and the Liquor Board.

Nasasa president Andrew Lukhele said yesterday the association held a meeting with Liquor Board chairman Tommy Vorster in Pretoria on Tuesday, and the parties agreed that provision was needed for the black informal savings clubs in the Liquor Act.

Lukhele said Vorster did not want to impose on Nasasa, and had asked the association to work out guidelines on standards to be observed, and come back with the recommendations.

"Of importance was the venue aspect of the stokvel set-up. Since crowds converge on a home when a member is receiving contributions from others, such facilities as mobile toilets have to be provided. Attention has to be given, too, to such by-laws as those concerning noise in a neighbourhood," Lukhele said.

Vorster confirmed that the two parties had met and discussed the need for the clubs' adaptation to make it possible for them to be licensed.

"We have a problem in that there is no provision for stokvels in the Liquor Act and, having given them our opinion, we asked Nasasa to go back to their membership and discuss their standards with their members. Then they will come back to us and we can hold further talks," he said.

Lukhele said since this stokvels sector did not operate the way shebeens did, but traded in liquor only when a member received financial contributions, its operations were different from other liquor-trade ventures.

"We will present our recommendations to the board at our next meeting. We are pleased that we will now be able to improve the stokvels sector without killing their culture," said Lukhele.

In July Nasasa got an undertaking from the Finance Minister's economic adviser, Japie Basson, that major input would be sought from the informal sector before the finalisation of the new Deposit Taking Institutions Act.

Observing that the whole concept of stokvels was based on private enterprise principles, Basson had said these savings clubs would be exempted from provisions of the Act.

"Representatives of stokvels will be consulted in drawing up legislation — on the lines of mutual-type savings. This is a formal recognition of these operations."

A Markinor survey has estimated that about R52bn changes hands every month among stokvel members in the metropolitan areas.

Imphold improves profitability

Bew 31/8/90

288

By Duma Gqubule

Imphold, the diversified car rental, truck systems, motor trading and financial services group has announced an impressive 21 percent increase in earnings per share to 30,2c (25c) for the year to June.

Turnover advanced 22 percent to R544,5 million (R446,5 million) and with margins widening from 8,7 percent to 9,2 percent, operating profit jumped 29 percent to R50,1 million (R38,8 million). Although interest payments were 52 percent higher at R7,6 million (R5 million) pre-tax profits were 25 percent ahead at R42,5 million (R33,8 million).

Attributable earnings improved 21 percent to R16,9 million compared with last year's R14 million, translating into per share figures of 30,2c against 25c last year. A final dividend of 6,3c (5,5c) a share was declared giving a total payout for the year of 12,05c (10c) a share.

Imphold executive Chairman Bill Lynch said all four divisions performed strongly during the year. "Perhaps the most pleasing aspect of our results is the fact that notwithstanding the economic downturn, our businesses improved their profitability."

A divisional breakdown shows the motor division still the largest contributor to turnover at 43,7 percent, marginally higher than last year's 43,5 percent. The fast-developing truck systems division makes the largest contribution to pre-tax profits. It earned 33,8 percent of the group's pre-tax profit.

The car rental division had pre-tax profit 13,3 percent higher at R12,3 million. The recently formed Regent Insurance Company saw its pre-tax profit soar to R3,8 million compared with the R434 000 achieved last year.

Imperial Group Limited, the group's pyramid company, which holds 75 percent of Imphold as its sole investment, increased its earnings by 20 percent to 90,4c (75,2c) a share. The annual dividend was 35,85c (30c) a share.

Balalaika gets R6m bedroom wing

Business Times Reporter

ENTHUSIASTIC response to the new-look Balalaika Protea Hotel in Sandton has prompted the go-ahead for a R6m bedroom wing.

Work has started on the 45-room wing, cocktail bar and three conference rooms, which form a cornerstone of the R80m Village Walk development by Commercial Union and Oakwood Ventures.

Building should be completed by November.

In keeping with the hotel's rural ambience, the new wing has an attractive courtyard and adds an air of intimacy to the Balalaika Protea's 150 rooms, restaurant, bar, beer garden and six conference rooms.

S/Times 288

1/7/90

Healthy

Balalaika managing director Richard Pickering says occupancies have been a healthy 75% to 80% since completion of the first R18,5m stage.

This success prompted Commercial Union and Oakwood to approve funds for the new wing.

Commercial Union property manager Charles Walker says: "Building in phases allows a conservative yet practical approach to the Village Walk project."

It is designed to be an intimate village square office, shopping and entertainment complex. It will cover 14 000m² and is due to open in August 1991.

Township streets may soon run red with wine...

288

Sowetan 2/7/90

THE Wine Foundation has launched a new drive to market wines in the Pretoria-Witwatersrand-Vaal townships.

As part of its drive, the Foundation has introduced new faces to its marketing fold - Mr Lucky Nkosi and Mrs Virginia Thebe, both armed with a wealth of experience in the black consumer market.

Nkosi is a former sales consultant with 12 years of experience in the liquor trade.

Fruit

He also owned his own business specialising in hair-care products.

Thebe was formerly employed by a food company, specialising in nutrition and home economics.

The Foundation's director, Mr Bill Cooper-Williams, said research showed that the organisation's marketing programme, now in its third year, was already bearing fruit.

By LEN MASEKO

"The black market is becoming increasingly aware of wine, whereas previously they never considered it a part of their lifestyles.

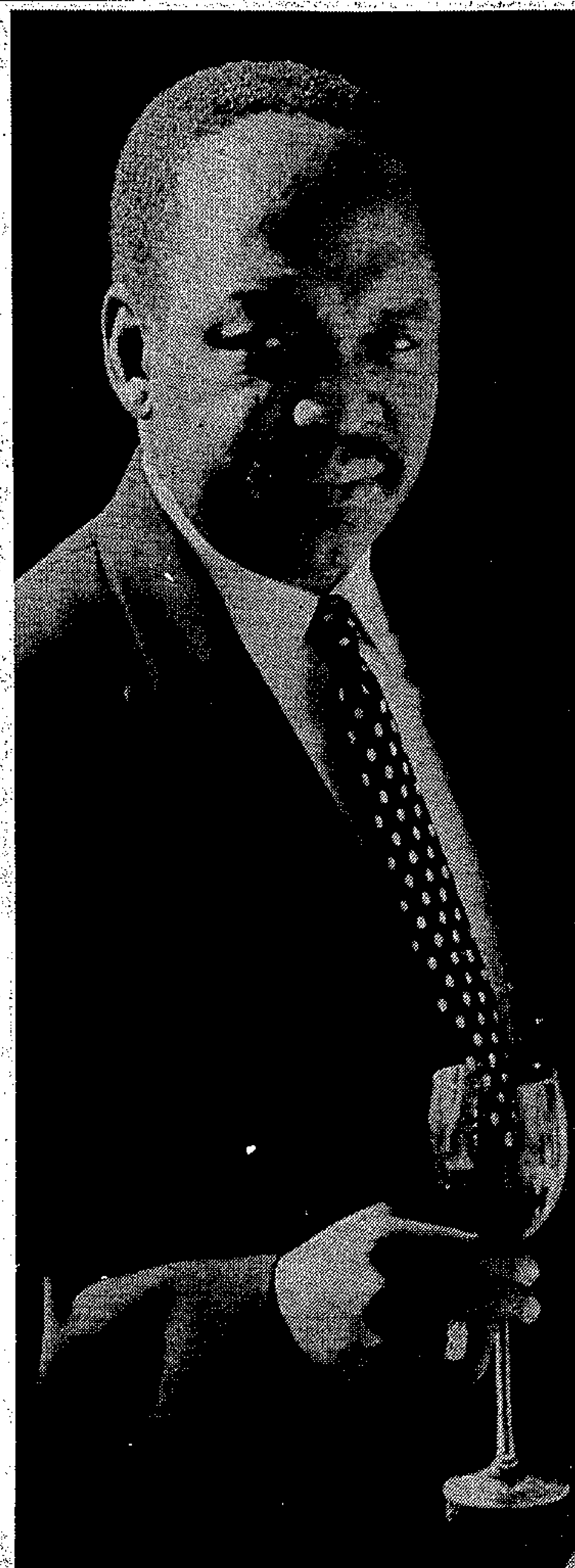
Patterns

"The Wine Foundation's efforts will change black drinking patterns forever," he said.

Thebe will focus on women's organisations, particularly housewives' leagues and clubs, while Nkosi will try to induce a new approach to wine drinking in the townships.

"Initially wine marketers introduced dry wines to the black consumers - something that they should not have done.

"They were supposed to introduce sweet wines and then progress to semi-sweet and dry wines so that black consumers gradually got used to the stuff," said Cooper-Williams.



LUCKY NKOSI

He leaves his wife and six children, one of whom is an advocate at the Johannesburg Bar.

CAPE TIMES 4/7/90

4 500 hotel workers strike

289

JOHANNESBURG. — About 4 500 workers went on strike yesterday in 35 Southern Sun hotels, after a 75% vote in favour of strike action.

Union publicity officer Mr Jeremy Daphne said management were trying to lock out striking workers, but despite this, workers at over half of the hotels were at present conducting canteen sit-ins.

Too late for classification

BIRTHS

MOORE

To James and Gayle a healthy son born 25th June 1990. Both well. Thanks to doctor and staff at Louis Leipoldt.

... months pregnant woman at knife-point and who later raped two other women in Yellowwood Park was jailed for an effective 20 years by a Durban magistrate yesterday.

Cape Times 4/7/90

Media association move

JOHANNESBURG. — The Media Workers Association of SA's registration with the Department of Manpower was a major step towards the development of Mwasa as a trade union, said acting general secretary Mr Mathata Tsedu.

Missing boy's body found

PORT ELIZABETH. — Police divers have found the body of 5-year-old Gerald Spandiel, who went missing after a motor accident near Middelburg on Saturday night. A dam on the farm Grootvlei was partly drained to enable rescue teams to recover the body.

Cape Times 4/7/90

Renamo area recaptured

MAPUTO. — Mozambican armed forces say they have recaptured a string of rebel-controlled small towns in a three-month offensive in the centre of the country. The Renamo rebels' general staff was destroyed in the offensive.

Parabats put to the test

PRETORIA. — More than 400 paratroopers yesterday attacked and destroyed an "enemy" base north of the city in one of the largest military exercises of its kind in recent years.

Reports by Staff Reporter, Own Correspondent, Sapa-Reuter-AP and UPI.

Strike hits Sun hotels

289

MORE than 6 000 Southern Suns Hotel employees countrywide began a wage-related strike yesterday.

The South African Commercial, Catering and Allied Workers' Union held a strike ballot last week after a conciliation board failed to resolve the wage dispute.

On deadlock, management offered an across-the-board monthly increase of R100 or 15 percent — whichever was greater. Sowetan 4/7/90

Saccawu was demanding R160 a month more and a minimum wage of R800 a month.

A major issue in dispute was the union's demand for an end to fixed-term contract labour. — *Sowetan Correspondent.*

Thousands of hotel workers go on strike

BDay 4/7/90.

289 **MATTHEW CURTIN**

THOUSANDS of Southern Sun/Holiday Inn workers went on strike yesterday after 75% of SA Commercial and Catering Workers' Union (Saccawu) members voted in favour of action in a ballot last week.

Saccawu national co-ordinator Jeremy Daphne estimated that 4 500 workers took part in the strike yesterday and services in 35 hotels were disrupted.

Southern Sun/Holiday Inn industrial relations spokesman Carl Ludick said 19 hotels out of the 43 with majority Saccawu representation went on strike. The group has 53 hotels.

Workers have gone on strike over pay and conditions. Management's offer stands at a minimum monthly wage of R590 and R100 or 15% increase in wages, whichever is greater.

● LUDICK

Saccawu has demanded a minimum wage of R800 and an across-the-board increase of R160, or 18%.

Saccawu insists casual workers be covered by the existing collective bargaining agreement.

Ludick said the agreement would not be extended. The trade's seasonal nature meant large numbers of casual workers were employed and management would entertain only a separate agreement.

Ludick said management's latest wage offer accounted for the company's annual profit margin of between R153m and R188m and given the downturn in the economy and the four- and five-star hotel industry, he was not optimistic further wage concessions could be granted.

The company had made extensive arrangements, including recruiting hotel students and housewives, to ensure hotel ser-

☐ To Page 2

Hotel strike

BDay 4/7/90

289

☐ From Page 1

vices were not seriously affected. All hotels were operating normally yesterday.

Saccawu vice-president Chris Mohulatsi said yesterday the strike would continue indefinitely and no meeting had been arranged to resolve the situation.

Management and Saccawu met last night to decide upon strike conditions. Ludick denied union claims of lock-outs at some hotels, but said strikers' occupation of hotel staff canteens was unacceptable.

Management would be seeking legal advice if occupations continued.

In Sabie, police fired teargas on 120 toyi-toying strikers after protests were made by hotel neighbours. Ludick emphasised management had not called the police.

'Good timeshare marketing would boost SA tourism'

PROPER marketing of SA's 8 000 vacant timeshare beds at an average of R40 a night over 90 timeshare resorts could boost income to the tourism industry by R116m in a year. (2.88)

Remarkable Resorts chairman Trevor Coppen said occupancy rates in timeshare rental pool weeks were around 35%, compared with 65% in the hotel industry.

Coppen believed he could double the timeshare occupancy rates within a year. BDay 4/7/90

"With rising hotel costs, holidaymakers are turning to top quality self-catering resorts to meet holiday needs — and the timeshare industry can fill this gap."

He said the marketing of vacant beds in timeshare resorts had not been done before on the scale planned by his company.

Remarkable Resorts, which was launched about six weeks ago, does the marketing and management of Ovland's timesharing resorts including Bantry Bay, St Michael's Sands, Durban Sands and Sodwana Bay Lodge.

It is also taking on the management and marketing of timeshare resorts for other companies.

Coppen said timeshare needed a support industry to look after levies, ensure adequate reserves and maximise return on investment to shareholders.

Hotels consider taking legal action against sit-in strikers

289

MATTHEW CURTIN
and TRACY MELASS

SOUTHERN Suns/Holiday Inn management were considering legal action last night against 1 000 striking Saccawu hotel workers who defied a management ultimatum to end sit-ins by 4pm.

Company industrial relations spokesman Carl Ludick said all legal options would be considered against the strikers, who had occupied staff canteens in 13 hotels mostly in the PWV area and the Free State.

Saccawu spokesman Alan Horwitz said yesterday strikers would continue their sit-ins "as a matter of principle".

Horwitz condemned management's approach, which included denying strikers access to telephones and toilets as typical of the company's strong-arm tactics in industrial relations.

The growing tension in what is the largest strike to affect Southern Suns/Holiday Inns — Saccawu said yesterday the strike had spread to 38 hotels involving 5 500 workers — comes after both sides failed to reach agreement on strike conditions on Tuesday night.

Ludick said the company was adamant strikers could not have access to hotel premises and regretted Saccawu's intransigence. He said the company was prepared to discuss the questions of picketing and use of hotel facilities.

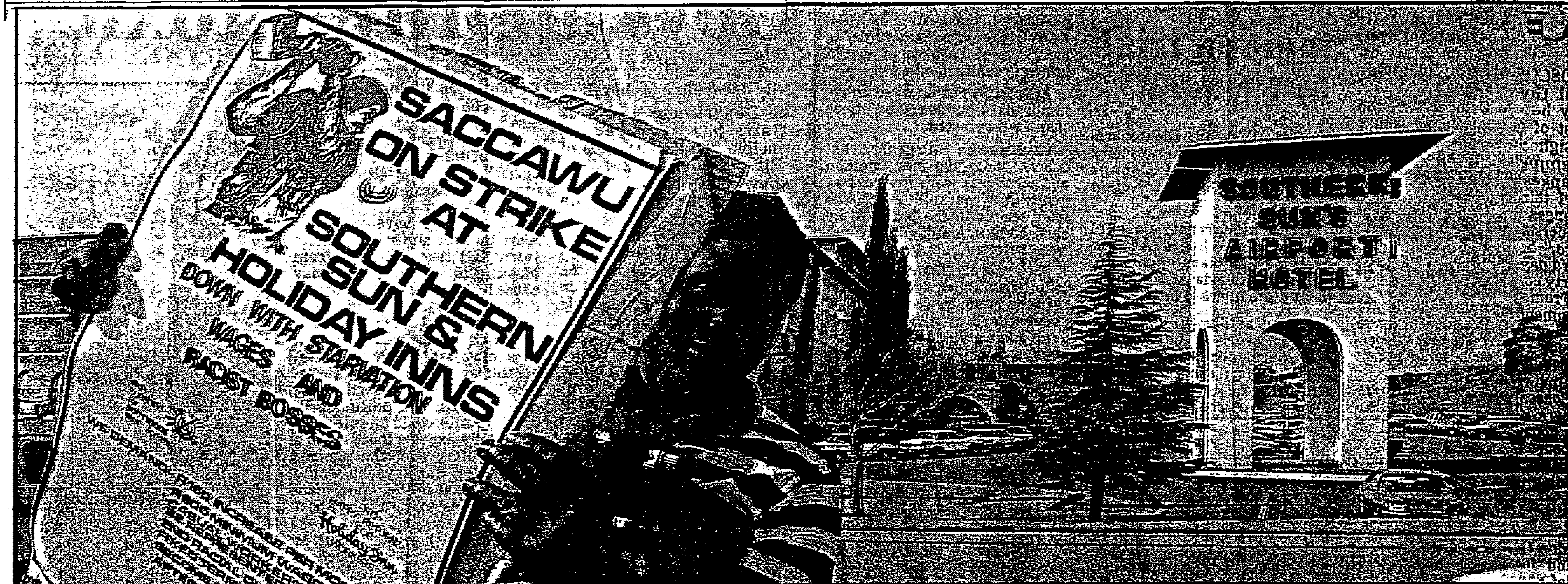
He added despite union assurances that strikers would not disrupt hotel services, there had been a substantial number of incidents yesterday with numerous complaints from hotel guests and intimidation of working staff.

Horwitz said four strikers were arrested for picketing in Cape Town.

Yesterday, management at the Johannesburg Sun, Sandton Sun and the Downtown Holiday Inn said hotel services were operating normally.

13/Sept/90

NEWS



On strike for more money . . . a Southern Suns worker displays a placard outside Jan Smuts Airport Hotel yesterday. ● Picture by Sean Woods

Management warns hotel 'sit-in' strikers

By Shareen Singh

Southern Sun management yesterday warned striking workers to leave company premises or face an eviction order, company spokesman Mr Karl Ludick said.

The South African Commercial, Catering and Allied Workers' Union (Saccawu) and Southern Sun failed to reach agreement on Tuesday over strike rules and access to canteens.

Yesterday, the company warned workers that their sit-in was in breach of strike rules.

Saccawu spokesman Allan Horwitz said Southern Sun had locked out workers at 43 hotels.

The union yesterday threatened "serious confrontation" if the lock-out continued.

Mr Ludick said not allowing workers on hotel premises did not constitute a lock-out.

Workers at 18 hotels staged canteen sit-ins, Mr Horwitz said.

Teargas

Johannesburg Sun workers held an overnight sit-in at the hotel canteen because management threatened to lock them out, the union said.

Police fired teargas at workers outside the Sabie River Bungalows in the Eastern Transvaal, resulting in four workers being sent to hospital.

At the Harrismith Holiday Inn police allegedly evicted striking workers from a canteen.

Sixty workers were detained at the Ermelo Holiday Inn and four picketing outside the Cape Sun were arrested yesterday.

Both management and the union estimated about 5 500 workers were on strike.

Workers were demanding an across-the-board increase of R160 a month, an end to contract labour and the reinstatement of 107 dismissed workers.

Management offered an increase of R100 a month or 15 percent, whichever was the greater.

Star 5/7/90

288

NEWS

Durban braces for July onslaught

By Norman Chandler, Pretoria Bureau

The violence in Natal is not expected to have a major effect on the July holiday season and it is hoped that strikes at some of Durban's top hotels will be resolved by the time Transvaal holidaymakers reach resort areas this weekend.

Durban publicity chiefs say they believe the season will be "reasonably good".

Long-term weather prospects on the Natal coast augured well "compared to the weather being experienced in other parts of the country", they claim.

Bookings at hotels and resorts are heavy although some accommodation is still available.

Bids to overcome the strike action, which began at Southern Sun hotels and at Holiday Inns throughout the country earlier this week, were being made.

The companies involved have a number of hotels, resorts and timeshare establishments throughout the province.

Strike

The strike, calling for higher wages, has been called by the SA Commercial, Catering and Allied Workers' Union.

Hotel accommodation in Durban this weekend, when the Durban July Handicap will be run, is almost unobtainable.

Natal north and south coast resorts are about 80 percent full for the period July 9 to 22.

Satour says Drakensberg resorts have rooms available but advance booking was essential.

Satour has established a Natal Holiday Hotline from which details of accommodation can be obtained. The telephone number is Durban (031) 304-7144.

FM 6/7/90 (288)

a cash dividend for its current financial year." The group has some R35m in cash and could make small acquisitions.

However, both Laing and chairman Gerald Rubenstein are careful to stress that, though they wish to see the group grow, this would be done only within the financial and managerial capabilities of the organisation. The focus of CMC will remain in mining.

Southgo is still waiting to hear if its R25m offer for ERPM's dumps has been accepted. The deal would make sense, taking into account CMC's dump reprocessing skills and ERPM's need to generate cash.

CMC has become a much leaner, fitter group, better able to face the rigours of the gold market than when it was being mismanaged by Berardo. And it should show better than average performance. *Gillian Findlay*

KAROS HOTELS FM 6/7/90 (288)

E agora para Angola

A hotel group showing a debt:equity ratio of 63,8% might look out of line with normal gearing practice — especially from a zero base a year ago. But Karos Hotels, listed last year, goes about things differently from some other hotel chains. Instead of leasing its hotel properties, Karos has bought all but one. "We see ourselves as much a property-owning group as a hotel group," says chairman Selwin Hurwitz.

Karos owns 12 prime-site hotels in SA, manages and jointly owns the Polana Hotel in Maputo and is looking at buying land and building on Inhaca Island. It has already

EXPANSION PHASE

Year to Mar 31	†'89	'90
Turnover (Rm)	—	57,8
Operating profit (Rm)	3,2	13,1
Attributable (Rm)	2,9	8,5
Earnings (c)	19,1	30,6
Dividends (c)	13	12

† New Bernica figures.

FM 6/7/90 (288)

stuck its neck out by buying land in Angola and reckons there is money to made in prime tourist locations in Namibia. Three hotels are planned near the Etosha Game Park, the Namib Naukluft Park and on the Zambesi River near Katima Mulilo. In the next two or three years, the hotel group hopes to have hotels in Port Elizabeth, Durban and Stellenbosch.

The rationale is that by owning most property assets, it will be easier for the group to expand further as it will be able to provide collateral against borrowings. "We can also sell part of the property if we need to raise capital," Hurwitz says. Plans for a property trust, details of which are still unreleased, will also provide the structure the group wants for ongoing expansion.

Hurwitz concedes that by owning assets growth will "initially be slightly retarded" but says this will be offset by the longer-term benefits of owning, instead of leasing, fixed assets.

The expansion programme, which includes the R20m purchase of the Indaba Hotel outside Johannesburg, completion of the R21m Karos Lodge near the Kruger Park, a shareholding in the Polana and extensive refurbishment of previously three-star hotels, have helped lift borrowings to R52m from virtually nothing. As a result,

FM 6/7/90 (288)

interest rose to R1,8m last year and seems set to rise further this year as a further R15m-R20m is to be spent on additional upgrading.

However, it is difficult to make any meaningful comparisons with 1989 figures as the group was reversed into the New Bernica cash shell in May and the structure was radically altered. Preliminary year-end results compare figures to New Bernica, "as it's important to show the market to what extent New Bernica shareholders have benefited," Hurwitz says. EPS, which rose from 19,1c to 30,6c, perhaps proves his point.

But looking at figures for the year, the cost of higher gearing did not bite too deeply into profit expanded by greater business volumes. Hurwitz sees conference facilities, which have been established in most hotels, smoothing the cyclical nature of occupancy levels.

Levels of 60% are still low, but, from pre-booking evidence, Hurwitz expects overseas tourist numbers to pick up from September. The upgraded hotels, six of which Hurwitz hopes will get a four-star rating, should appeal to this market, though he says the group is not placing any more importance on the overseas market than it is on the local market.

But the hotel business, like many other businesses, is reliant on what happens next in the political arena. This will be the deciding factor for tourists planning to visit the country, who will obviously give the necessary spurt to an ailing industry. Hurwitz does not see "business booming" but forecasts "a modest improvement in profits for the current year." *Heather Formby*

BDay 3/7/19

Tourism 'not able to cope with influx'

BRENT MELVILLE

THE recent scrapping of the Separate Amenities Act effectively opens to about 8,5-million blacks SA's tourist attractions, which are ill-equipped to deal with the potential influx. (288)

This is the view of Computerized Lodging Systems (CLS) MD Taffy Dorse, who says that during 1990 more than 11-million South Africans will have the time and financial ability to utilise SA's tourism facilities.

However, he believes the industry is incapable of reaping the benefits of this new potential market because of inherent inefficiencies, a lack of understanding of the market's demands, and a lack of ability to provide the services required.

Potential

Dorse says that while the cry in the market place has been directed towards foreign tourists, with the admittedly valuable foreign exchange that they bring into the economy, the market is nevertheless limited in the short-term simply by the number of seats available on commercial airlines.

Numerically it is a drop in the ocean compared to the vast potential of South Africans of all races to holiday in SA.

"The two vital elements essential to the exploitation of this new potential are efficiency of resort control and simplification of upgraded procedures," he says.

Strike bites at busy Durban hotels

11/1/90 288

By Helen Grange

The Southern Sun hotels strike has left at least three busy Durban hotels without the bulk of their black staff.

As the holiday season reaches its peak, Natal Southern Sun hotels are nearly all fully booked and using casual labourers to meet demands.

A spokesman for the Elangeni Hotel said room service had been affected and some items on the menu were unavailable. Operations were "slower" than usual.

Although many workers had not turned up at the other Southern Sun hotels in Durban, all reported they were coping with casual labourers.

In Cape Town, where striking workers set up pickets outside five hotels, hotel spokesmen said business was carrying on.

● The Southern Sun/SA Commercial Catering and Allied Workers Union (Saccawu) dispute will go to mediation tomorrow but court actions against the union continue, Shareen Singh reports.

By yesterday afternoon, management had secured three more eviction orders to remove strikers from company premises in East London, Cape Town and the Free State.

Southern Sun management has now interdicted workers at Sun hotels countrywide.

Saccawu's application challenging the eviction orders will be heard in the Industrial Court today. Saccawu said the strike was growing daily and yesterday estimated 6 000 workers were out on strike at 41 hotels.

● OK Bazaars management and Saccawu were to meet at mediation today. Weekend talks had made no progress.

● Mediation in the Checkers/Saccawu strike continued yesterday.

Hotel, union fail to agree on strike rules

288

By Shareen Singh

Southern Suns management and the South African Commercial, Catering and Allied Workers' Union (SACCAWU) failed to reach agreement on strike rules at yesterday's meeting.

Management said the sit-in by workers at several hotels was a breach of the company's strike rules which were given to workers on Tuesday when the strike for more pay started.

The company locked out workers at 43 hotels, SACCAWU said.

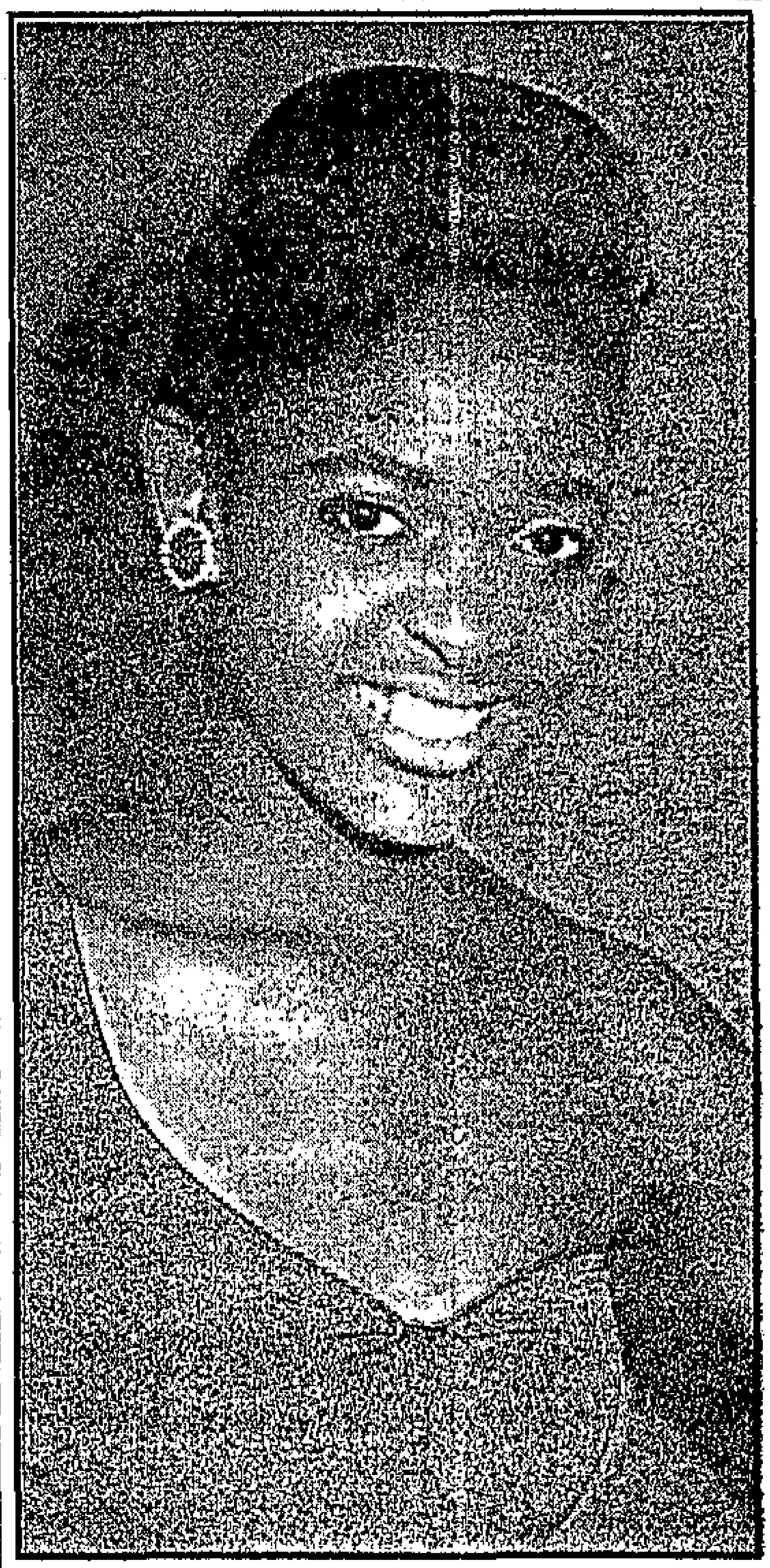
The union did not view this action as legitimate and threatened "serious confrontation". and possibly a Supreme Court interdict against the company if the lock-out continued today.

SACCAWU spokesman Allan Horwitz said workers at the Sandton Sun, Bloemfontein Sun, two hotels in Port Elizabeth and the Airport Sun at Jan Smuts managed to stage canteen sit-ins yesterday, despite security police at the hotels.

The union yesterday criticised police involvement in the strike.

Strikers locked-out at Sabie River Bungalows were dispersed by police who allegedly fired tear gas, resulting in four workers being taken to hospital, Mr Horwitz said.

Unlucky Elizabeth



Elizabeth Radebe of Mofolo, Soweto, was a semi-finalist in the Miss Eastgate beauty contest. But unfortunately, Elizabeth, who likes rap music, did not make it to the finals which will be held tomorrow at 7pm at the shopping centre. Miss South Africa, Suzette van der Merwe will be among the judges. Entertainment will be provided by "Rock and Roll Madhouse". The event is open to the public, free of charge. Eon de Vos will compere the event.

Inkatha is at the receiving end - report

Sowetan 11/7/90

SOWETAN Correspondent

CHIEF Mangosuthu Buthelezi's Inkatha yesterday released a report "into the plight of Inkatha victims of violence in KwaZulu/Natal", and said this proved the movement was at the receiving end of the Natal violence.

The report, released in Johannesburg where Inkatha was holding a business forum, said thousands of people in Natal had fled their homes and were living as refugees elsewhere.

Listed in the report were names of Inkatha supporters killed in the violence in Maritzburg and interviews and profiles of members who lost relatives in the carnage.

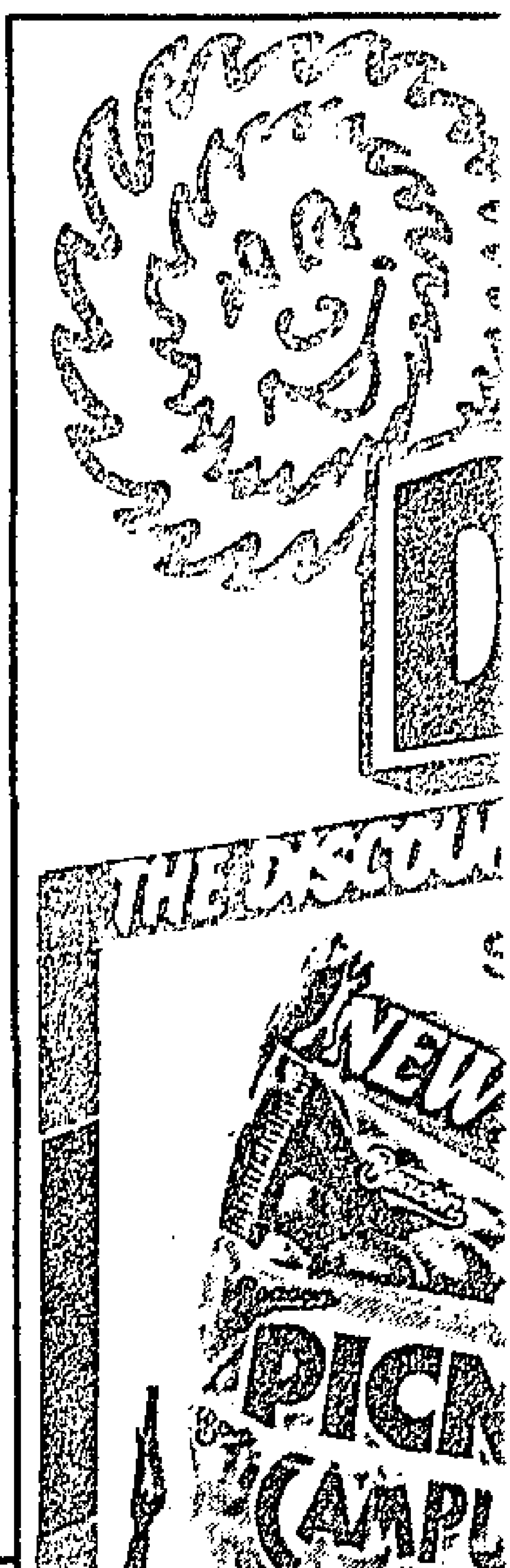
The "graphic accounts of these victims of violence", said the introduction to the report, gave the lie to the African National Congress/United Democratic Front alliance's claims that Inkatha had been the prime instigator of political violence in the area.

Said the report: "The personal testimony of these victims indicates nothing less than that there has been an organised and ruthless campaign of terror - reminiscent of the death squads of some of the Latin American republics - to eliminate all political opposition to the ANC/UDF alliance.

Victims

"But a striking feature emerging from the survey is the victims' total rejection of counter-violence and retribution against their tormentors.

"Without exception, they indicated they were weary of the violence and longed for peace. All favoured negotiations to find a formula for peace."



R50m development planned at Shareworld

288

TANIA LEVY

JOHANNESBURG's Shareworld is to be restructured as a R50m development incorporating the world's largest taxi interchange and garage and the biggest post office in the southern hemisphere.

Johannesburg City Council Transport Committee chairman Paul Asherson has called on the private sector to help realise the site's full potential.

He envisages a hotel with a soccer theme, shopping complex, entertainment and study centres, office block, Cape Dutch homestead-style restaurant and wine tasting centre for the property midway between Johannesburg and Soweto.

He estimates crowds of 6 000 a day will represent millions for investors.

Asherson says Soweto residents will be able to catch taxis to Shareworld, where they will transfer to one of 400 platforms.

The extensive garage complex planned will realise R621 000 a day in petrol takings if each of the estimated 6 000 taxis expected to utilise Shareworld each day fills up with 90 litres of fuel, Asherson says.

Repair facilities will perform 12 000 roadworthies a year and loan vehicles will be made available to operators whose taxis are in for repairs or inspection.

Private enterprise will build the 25 000-box post office which will represent about R787 500 a month in postage stamps alone and R375 000 in mailbox hire, he says.

Special provision will be made for wholesalers to spaza shops, shebeens and hawkers. There are plans for 90 shops.

The entertainment centre — with eight cinemas, conference facility, multisport arena for 3 000 people and nightclub for 1 500 — is available for private sector hire.

South 12/7-18/7/90.

Number of strikers nears 30 000

289

By CHIARA CARTER

ACCESS to company premises has increasingly become a flashpoint as a wave of national strikes involving thousands of workers continued to snowball this week.

The number of workers on strike countrywide is now approaching the 30 000 mark.

Employers have countered this unprecedented worker militancy with lockouts and ejectment orders.

Wineries

More than 5 000 workers in the liquor industry were locked out by employers last Thursday after they embarked on an overtime ban and a go-slow in support of wage demands.

The workers, members of the National Union of Wine, Spirit and Allied Workers (Nuwsaw), began the first national strike in the industry on Wednesday.

The strike involves workers at 83 wineries and depots which form part of the Wine and Spirits Industry Employers' Association.

The strikers include about 1 500 workers in the Cape — mostly from small towns in the rural areas.

Nuwsaw is demanding a R40-a-week across-the-board increase backdated to April 1 and 20 days' leave after 10 years of service.

Employers have offered R33 across-the-board.

A Nuwsaw spokesperson said the union was meeting with community organisations to discuss solidarity action, including marches.

Boland

The strike is expected to heighten tensions in the Boland where there have been several violent clashes between township residents and the police recently.

Meanwhile about 6 000 strikers at 41 hotels which form part of the South African Breweries-owned (SAB) Southern Suns group have been excluded from company premises.

They include about 1 300 workers at the Cape Sun, De Waal, Inn on the Square, President, Newlands Sun, Cape Town and Bellville Holiday Inns and St George hotels.

Southern Suns Industrial Relations spokesman Mr Carl Ludick said the company had obtained ejection orders for all strike-hit hotels.

The workers are demanding a minimum wage of R800 a month and a R160 across-the-board increase.

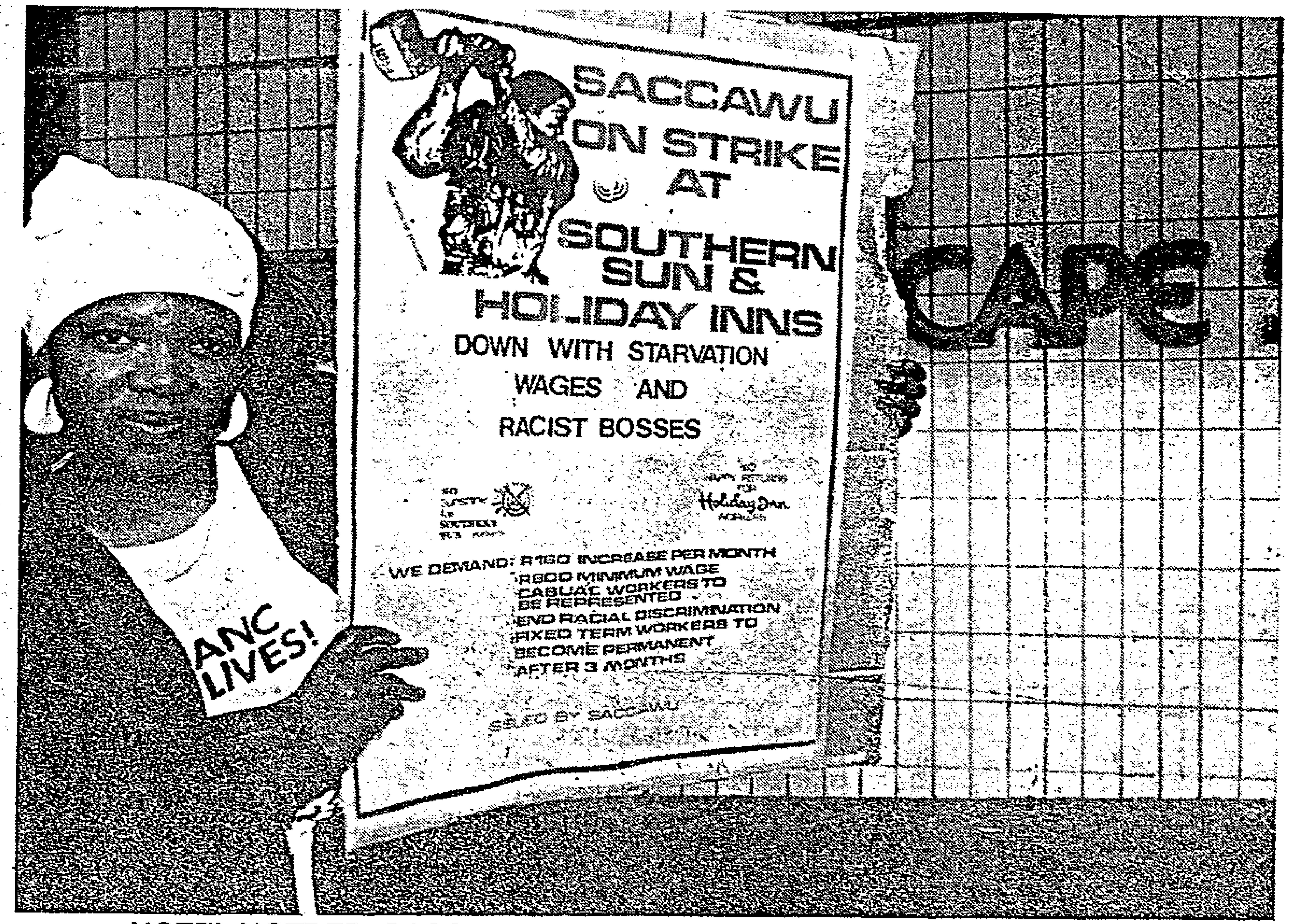
The Southern Suns final offer stands at R100 or 15 percent.

A mediation meeting between the two parties is scheduled to take place later this week.

Saccawu this week declared a wage dispute at the giant Clicks chain of companies.

About 1 600 union members downed tools at 29 Trador Cash and Carry Stores over a dispute about wages and retrenchment.

Saccawu members are also involved in strikes and disputes at dozens of chain stores and shops — including OK Bazaars, Checkers and Edgars.



HOTEL HOTBED: SACCAWU members picket in front of the Cape Sun Hotel

Hotel strike: sides opt for mediation

By Shareen Singh

After six eviction orders and allegations by both management and union in the Southern Suns national strike, the parties have opted for mediation to try to solve the dispute.

The Industrial Court hearing in the South African Commercial Catering and Allied Workers Union's (Saccawu) application against the company's eviction orders was postponed to next Wednesday.

Southern Suns' application to declare the strike at Malibu Hotel illegal was heard in the Supreme Court, Durban yesterday. The court ruled that the union must prove majority membership and conduct a strike ballott. Workers must resume work while this process was taking place.

288 ~~(...)~~ ~~(...)~~

Vast sums

Star 12/7/90

Union spokesman, Allan Horwitz, said the strike was costing Southern Suns vast sums of money. Scab workers were being paid R8,50 an hour amounting to R1 500 a month and the company had also employed many security guards, he said.

This, coupled with the phenomenal costs involved in obtaining the six interdicts has confirmed for the union that the company was playing "a power game" rather than considering economics," the union said.

Southern Suns spokesman, Karl Ludick, said higher rates were paid to casual workers because the company had to obtain casual staff at short notice.

Mr Horwitz stressed that the strike was not only about wages. A central issue in the dispute was the unions demand for the re-instatement of 107 workers dismissed at four holiday resorts.

Management must move on both issues and offer a package deal if it wanted settlement, the union said.

The parties will start mediation tomorrow.

Hotel workers march through Jo'burg streets

W Mail 13/7-16/7/90 289

BY GLENDA DANIELS and DREW FORREST

ABOUT 3 500 Southern Sun strikers yesterday marched through central Johannesburg to three of the group's hotels, as mediation aimed at resolving the 10-day strike began.

And, in another development, Cosatu yesterday threatened consumer boycotts against four dispute-hit subsidiaries of SA Breweries, including Southern Sun, accusing them of "poverty wages, racist attitudes and union-bashing tactics". About 20 000 workers at SAB companies were on strike or in dispute, it said.

The federation said it would embark on a programme of action, including demonstrations and marches, to highlight the practices of the hotel group, OK Bazaars, Edgars and Afcol.

Describing the statement as "inappropriate and irresponsible", SAB spokesman Dunbar Bucknall said the group believed the disputes should be resolved by negotiation "within our decentralised operating mode".

Yesterday's march — to the Downtown Holiday Inn, Rand International and Johannesburg Sun — was staged without official permission and marchers dispersed on the instructions of police.

It coincided with a further police crackdown on strikers. The South African Commercial, Catering and Allied Workers Union (Saccawu) said 168 workers had been arrested during a protest by Checkers, Southern Sun and Wimpy employees in Newcastle, and would appear in court on charges of attending an illegal gathering.

And 15 hotel workers had been held in Johannesburg, Pietersburg and Harrismith. Saccawu added that 79 strikers detained at the Ga-Rankuwa OK had been released and re-detained. It also blamed rightwingers for the firebombing of the Springs homes of two OK workers.

Yesterday OK's personnel director Kieth Hartshorne challenged Saccawu to state its position on an alleged "act of thuggery" against non-strikers at OK's Elsberg store. Workers had been abducted and assaulted at union offices, he said.

Mediation aimed at resolving the five-week-old OK strike is continuing.

Plenty of room at the inns — except in the Kruger Park

By SAMANTHA WEINBERG (288)

THE prospect of half-full hotels over the July holidays is worrying hotel owners across the country — who blame the economic downturn for the drop in domestic tourism. W/Mail 13/7/90

According to a statement issued by the Travel Services Division of the Automobile Association, there has been "a noticeable drop in the demand for accommodation at hotels and resorts around the country during the current winter school holidays".

"While accommodation in all national parks and the Eastern Transvaal seems to be fully booked, elsewhere in the country virtually all hotels have plenty of rooms available," said Graham Smith, general manager of travel services for the AA.

Fred Thermann, executive director of the Federation of Hotel Associations of South Africa, said the fall-off in hotel bookings had been expected.

"Whenever there is a drastic downturn in the national economy like the one we are experiencing now, the hospitality industry is directly affected. Travel is one of the costs that companies cut first, and ordinary people cancel their holidays as part of a belt-tightening process."

Diepkloof Hotel to host music, drama and other art forms

288 Sowetan 13/7/90

By VICTOR METSOAMERE

THE Long Tom Bar at Diepkloof Hotel should gain popularity for its African Cabaret Concept designed to bring popular and budding entertainers to Soweto.

Various styles of music will be presented at the venue, making it possible for artists to get exposure.

However, the hotel's management said it had introduced the concept to highlight the importance of several quality musicians whose original items do not get exposure because of a rush to play and record commercial sounds.

It is hoped the concept will help retain an African identity that is fostered in the music played by groups who are unable to get breaks because their music does not sell and they do not feature in major music events.

Two superb musicians, Sibongile Khumalo and Mandla Masuku, were the first to perform at the Long Tom Bar.

Khumalo is a violinist and music teacher. Her presentation of songs popularised by veterans such as Miriam Makeba and Letta Mbuli and jazz songs is mind-bending.

Backing

Both Khumalo and Masuku were backed by Tuka, comprising saxophonist Matome Rachabane, drummer Carlton Malete, bassist Pat Mokoka, guitarist Smal Dolokwane, percussionist Moss Manaka and keyboardist Mike Manci.

"While there are no respectable eating places in Soweto for business people and tourists, it is envisaged that the introduction of pub-lunches at the hotel will fill a long-felt need in the area," said Martin Sebesho, owner of the hotel.

Sebesho said the ladies' night events would celebrate the achievements of women in various spheres of life.

"A 15-minute slot will be set aside for dedication notes on women achievers and announcements on other topical issues that seek to recognise and uplift women in the black community," he said.

Live theatre will soon be the vogue at the hotel. A small auditorium that can seat 200 people has been set aside. Budding playwrights now have a chance to expose their talents.

Talented singer and tutor Sibongile Khumalo.

Sebesho said the place can also be used for record launches as it was ideal for promotional events.

Local artists can use the foyer for the exhibition of their wares to be sold to the public.

"Part of the proceeds from the sales of the art works will be invested into a fund to promote quality production," Sebesho said.

Unions reject Southern Sun latest offer

Star 14/7/90 (288)

PAT DEVEREAUX

THIS week's publicised wage offer made to striking hotel employees by the Southern Sun/Holiday Inns group has been scorned by the SA Commercial, Catering and Allied Workers Union (Saccawu).

The union was responding to a full page newspaper advertisement placed by the Southern Sun/Holiday Inns Group which stipulates an offer of a minimum wage of R690 a month and a total wage of R835 a month — including the annual bonus and value of free meals.

Meanwhile, the union and hotel group management were locked in mediation for the second day in an attempt to resolve the 10-day strike which has been marked by "enormous police interference", according to union officials. Marches and demonstrations outside hotels have led to the arrest of almost 180 union members.

Sacawu official Mr Alan Horwitz said: "Southern Suns assets total R856 million. It is the largest hotel group in the southern hemisphere.

"Occupancy levels improved to 64 percent this year from 62 percent. The R28 million set aside by the company for wage increases this year could if equally divided mean R200 across the board for each of the 10 000 workers employed.

"But the 8 000 workers earning below R800 a month have been offered R100 — an annual wage increase of R12,5 million.

"The balance is clearly going to the minority of employees who already earn a living wage," argued Mr Horwitz.

His union's demand for an R160 across the board increase and a minimum wage of R800 "is definitely realisable". he added.

Mr Horwitz pointed out the costs of the strike to the hotel group which is paying white casuals R8,50 an hour at its city hotels — R1 500 a month. "And it is hiring a small army of additional security guards," he said.

Floating casino planned for Cape Town waters

BRENT MELVILLE (288)

BOUNTY will soon be within reach of gambling-starved Capetonians with the announcement that a local company is planning to launch a floating casino off Cape Town's Atlantic coast.

Delta Queen Sporting International (DQSI), a privately placed unlisted public company, has placed an order worth R18m with a Cape-based manufacturer for the construction of a 400-ton buoyant casino.

DQSI joint MD Philip Marcus says the casino will offer gambling in the style of Monte Carlo, adopting a "members only" attitude to all but foreign tourists.

He estimates an initial membership of about 10 000 at a cost of R100 per person a year, with an additional ship's fare of R30 a trip.

The Delta Queen will offer blackjack, roulette, punto banco or slots, from well before Christmas next year, he says. It will leave Cape Town twice daily to reach international waters within 40 minutes.

Round trips will take about five hours and full restaurant facilities will be available, with sophisticated revues to be staged in a cabaret bar, says Marcus. B/Day 16/7/90

He says advanced design ensures complete safety and remarkable stability and the CSIR has completed tests to ensure the safety of the vessel in rough seas.

The Delta Queen has been insured to the value of R25m with Lloyd's of London.

TODAY'S QUOTE

Lack of money is the root of all evil.

George Bernard Shaw

TODAY'S WEATHER

Pretoria, Witwatersrand and the eastern highveld: partly cloudy and mild but cold on the highveld.

Western and southwestern Transvaal: partly cloudy and mild but very cold in the south.

Central, northwestern and northern Transvaal: partly cloudy in the north, otherwise fine and mild.

Eastern lowveld, escarpment and Venda: partly cloudy and mild but cold along the escarpment.

Free State: partly cloudy and mild.

Cape north of the Orange: partly cloudy and mild.

Cape Peninsula, Boland and the Overberg: cloudy and

Man-made gems open new doors — De Beers

BRENT MELVILLE (288)

DE BEERS Consolidated Mines spokesman Neville Huxham said that last week's announcement by General Electric (GE) of a new synthetic diamond would not close the door to other producers but would open new opportunities instead. B/Day 16/7/90

The SA company, which controls 80% of the world's rough diamond marketing and sales through its London-based Central Selling Organisation (CSO), said the announcement would have no bearing at all on natural diamonds.

"If it did have an impact it would enhance the areas of application for diamond synthesis," Huxham said in response to a report in Friday's Business Day which noted that the GE announcement had served as a catalyst to a drop in the fortunes of De Beers on the market.

"It is not a new concept, but if it has refined the process it does not close the door to other producers but opens it to a wider range of opportunities," said Huxham.

The crystals are the first diamonds comprised almost totally of the isotope carbon-12 (C12), GE said last week. De Beers has been producing C13 since 1985.

Huxham said synthetic diamond producers worldwide, including De Beers, were pursuing research and development of synthetic diamonds for applications in electronics and communications.

Huxham said De Beers had filed in 1985 for a patent for production of isotopically pure diamonds but did not pursue the application when it learned of an earlier application made by a researcher in 1975.

The company had manufactured synthetic diamonds of up to six carats and had produced one of 11 carats, the largest ever, he said.

Steel shipments impounded

B/Day 16/7/90 MICHAEL HARTNACK

HARARE — The parastatal Mines and Minerals Corporation of Zimbabwe (MMCZ) confirmed at the weekend that three ships containing R16,5m worth of Zimbabwean steel had been impounded in the Kenyan harbour of Mombasa and the Italian port of Madeira.

An SA sub-charter firm, known as TCL, had allegedly failed to pay the ship owner his fees, despite being paid US$500 000 by the MMCZ, its GM Njodzi Machirori told the Zimbabwean Financial Gazette.

The MMCZ's customers had already paid for their steel, and MMCZ managers had been hastily dispatched to Italy and Kenya to get the cargoes released.

"We have reacted very quickly and we think that the situation in Italy is under control," said Machirori.

"Our interest is to make sure that if our cargo is not released, then the ships are impounded."

Lawyers for the MMCZ would fight any move to have the Zimbabwean cargo seized by the ship owner, whose identity was not known, said Machirori.

CAH. 7MH 17/7/90

Violence obstacle to booming tourism

288

Business Editor

THE South African tourist industry seems headed for a bumper year — bringing badly needed jobs and foreign exchange — unless visitors are frightened away by bombs and violence, Mr Dale Pretorius, deputy director of the international department of Satour, said yesterday.

He said in a telephone interview that thousands more visitors had come to SA from Europe, the US and neighbouring countries in the first four months of this year than in the same period last year.

The biggest increase in foreign visitors was from Zimbabwe. Nearly 29 000 holidaymakers and business people had arrived from there in April alone.

But, Mr Pretorius warned, while a report of one bombing incident might not put people off, continued violence giving the impression that SA was not a safe destination, could have a disastrous effect on tourism.

● Report — Page 9

South Africa to negotiate
transform their country

Star Tues 17/7/90

Violence obstacle to booming tourism

288

Business Editor

THE South African tourist industry seems headed for a bumper year — bringing badly needed jobs and foreign exchange — unless visitors are frightened away by bombs and violence, Mr Dale Pretorius, deputy director of the international department of Satour, said yesterday.

He said in a telephone interview that thousands more visitors had come to SA from Europe, the US and neighbouring countries in the first four months of this year than in the same period last year.

The biggest increase in foreign visitors was from Zimbabwe. Nearly 29 000 holidaymakers and business people had arrived from there in April alone.

But, Mr Pretorius warned, while a report of one bombing incident might not put people off, continued violence giving the impression that SA was not a safe destination, could have a disastrous effect on tourism.

● Report — Page 9

SA tourism push is paying off

Cape Times 17/7/90

288

By AUDREY D'ANGELO
Business Editor

THE SA Tourism Board (Satour) is co-operating with some neighbouring countries to market Southern Africa as a tourist destination in a stepped-up publicity campaign overseas which has attracted thousands more visitors this year.

Thousands of black African holidaymakers and business people visited SA in the first four months of this year.

Disclosing this in an interview yesterday, Dale Pretorius, deputy director of the international department of Satour, said Zimbabweans of all races were "our best customers in Africa".

"In April alone 28 900 visitors came here from Zimbabwe.

"Black Zimbabweans tended to come here mainly for shopping. They spent three or four days here and spent a lot of money. Others came by sea for a holiday here because their travel allowance was not enough for a holiday in Europe, once the air fare had been deducted from it."

Figures produced by Pretorius showed there had already been an increase in the numbers of overseas and African visitors to SA in the first four months of this year, before the beginning of the tourist season.

A total of 359 640 visitors came from other African countries between January 1 and the end of April compared with 304 045 the previous year. Of these, 78 260 came from Zimbabwe compared with 67 095 the previous year.

The number of visitors from Britain and Continental Europe rose to 137 965 people compared with 116 011 last year. The number from North America rose to 20 398 compared with 16 979.

A total of 55 294 visitors came from Britain compared with 49 149 in the first four months of last year and 34 127 from Germany compared with 26 646.

Pretorius said that although Satour, spending taxpayers' money, was primarily concerned with marketing SA, it made sense to join with other countries in marketing the region as a whole.

Some European and American visitors came only to SA but others were attracted by a package including famous sights such as the Victoria Falls.

Malawi, Botswana, Lesotho and Mozambique were represented at the tourism trade fair in Durban this year, visited by leading travel agents from overseas.

Emphasising the importance of tourism to the economy, Pretorius pointed out: "It can be our greatest employer. Every 60 visitors create a job in the hospitality industry, and the tourist rand has a ripple effect which is felt immediately."

In its annual report, Satour says arrival figures for 1989 were the best ever recorded. There was a new and positive marketing climate abroad.

"This new situation presents a marketing opportunity which should be keenly grasped and exploited."

New deal for hotel workers

(289)

By DON SEOKANE

Sowetan 18/7/90

THE R28 million set aside by Southern Suns for wage increases this year could mean a R200 across-the-board increase for each of the 10 000 workers, a spokesman for the South African Commercial Catering and Allied Workers Union said yesterday.

Saccawu official Mr Jeremy Daphne was commenting on an advertisement placed by Southern Suns and Holiday Inns stating that the minimum wage offered to employees was R690 a month plus an annual bonus of R57 a month and meals worth R88 a month.

He said Saccawu's demand for a R160 across-the-board increase and a minimum wage of R800 was reasonable, given the R28 million allocated by Southern Suns for wage increases.

Cleaning firm bombed

News 18/7/90

28

Crime Reporter

TWO petrol bombs caused thousands of rands damage to a dry-cleaning company which cleans linen for the Beacon Island Hotel, where workers are on strike.

The Deputy-Mayor of Plettenberg Bay, Mr John Truter, was in The Klene Centre in Faris Street when the bombs were thrown through a side window about 8pm yesterday.

The building is in an industrial area next to the Bossiesgif squatter community, where people have been protesting this week.

DOUSED FIRE

A smoke-detecting alarm was sounded and Mr Truter walked downstairs, where he found that a fire had started.

He called the [illegible], Mr Bill de Lange, and the two doused the fire with extinguishers.

Mr De Lange said a "substantial amount" of linen was damaged.

"Fortunately very little clothing seems to have been damaged," he added.

Mr De Lange searched through debris today to establish if equipment had been damaged.

Mugging 'driving tourists away'

CAPE TIMES
19/7/90

288

Business Editor

FEAR of being mugged in the centre of Cape Town at night is driving holidaymakers away from city hotels, the president of the Federated Hotels, Liquor and Catering Association (Fedhasa) in the Western Cape, Mr Angus Dodds, said yesterday.

He said in an interview that it had been proved that violence in the city centre was causing hotels there to lose business to others in the suburbs, particularly Sea Point.

"We are writing to the SA Police, who were very helpful to us last year, asking them to step up patrols in the city centre again in the holiday season.

"We think the best deterrent to mugging is the 'bobby on the beat', but if the police are too short of manpower perhaps there should be a municipal police force to make the city centre safer at night."

Meanwhile, he said, hotels must warn foreign tourists that the city streets were dangerous at night, and advise them how to avoid danger.

Earlier, Fedhasa's regional director in the Western Cape, Mr James Vivier, told members at their annual general meeting that it had been suggested there should be mounted police in the city centre to make it safer and as an added tourist attraction.

He said mugging was a growing problem in the city centres of Cape Town, Durban and Johannesburg.

The Minister of Law and Order, Mr Adriaan Vlok, had been made aware of the problem by Fedhasa and the SA Tourism Association (Satour).

● Drop in hotel occupancy — Page 10

Drop in hotel occupancy by overseas tourists

CT Times 19/7/90

288

By AUDREY D'ANGELO
Business Editor

ALTHOUGH the number of overseas visitors is soaring, only 25% of the 263 000 who came to greater Cape Town last year stayed in registered hotels, members of the Federated Hotels, Liquor and Catering Association (Fedhasa) in the Western Cape heard yesterday.

Keith Lamb, chairman of the Tourism Committee, said that 53% stayed with friends and relatives, 12% at timeshare and other resorts, 5% in holiday apartments and 5% went camping or caravanning.

Both he and Philip Krawitz, MD of the Cape Union Mart group of companies — who was the main speaker at a luncheon following the annual general meeting — urged members to make more effort to attract and keep regular customers.

"Of all the bednights sold to overseas visitors last year, 23% were sold in Cape Town," said Lamb.

"Foreign visitors spent R81m in the Western Cape — but bearing in mind that hotels netted only 25% of that amount, I suggest that this is no time to be complacent."

There had been a move towards staying in cheaper hotels. "The last holiday season saw quite a remarkable change. In the midst of the biggest spending spree that this country has ever had, holidaymakers opted for less expensive hotels.

"Four and five star properties saw a decrease of 3% in room occupancy. One and two star hotels moved up by 6%.

"Overall, of the 36 hotels regularly surveyed by the Central Statistical Service, the revenue was virtually static after correcting for 16,5% inflation. In other words, the market did not grow."

Lamb said that self catering and bed and breakfast accommodation which had "suddenly emerged on the scene" were providing more competition for hotels.

"Where families are concerned, self catering makes it all so easy — whereas few hotels make any real effort for the family."

Pointing to the loss of tourist business suffered by Durban last year, Lamb urged local hoteliers to make more effort to attract and keep the custom of both foreign and SA visitors of all races — particularly by training staff to make guests feel welcome.

"There is change in SA now — socio economic change and socio political change."

But this could be turned to advantage. "New markets are emerging for you, but you will have to make the effort to go for them."

He continued:"Socio political change has radically altered the shape of holiday tourism in Durban, probably forever.

"Please do not let change take you by surprise. Please do all you can to ensure that tourism continues to flourish in the Western Cape."

Philip Krawitz urged members to make the most of new opportunities opening up now that the rest of the world was prepared to welcome SA back.

Pointing out that figures recently released by the SA Tourism Association (Satour) had shown a huge increase in visitors from black African countries, he urged hoteliers to carry out market research to find out more about these visitors' tastes and requirements.

A data base should also be built up on the individual tastes and requirements of overseas visitors staying in hotels, so that they could be provided with service of a standard that would encourage them to return.

It was vital for the hotel industry to identify its best customers and go out to attract them and cater for their tastes.

The Satour figures had shown that 55 294 visitors had come from Britain an the first four months of this year and 34 127 from Germany compared with only 20 398 from the US.

Many more Germans were likely to be attracted to SA, to see what it was like as things were changing. But so far there were few Japanese with "the powerful yen".

And pointing out that people over 50 had more money to spend than those in their twenties, Krawitz urged hoteliers to pay more attention to this market.

ARGUS 26/7/90

Hotels hard hit by unrest

28

The Argus Correpondent

DURBAN. — The solution to the drastic drop in occupancy in Natal hotels lies in the hands of politicians, says Natal regional director of the Association of South African Travel Agents (Asata), Mr Neil Mockler.

Reacting to claims by Mr Alan Gooderson of Fedhasa that Natal hotels had experienced their worst Easter season, Mr Mockler described the situation as "a tragedy for all of us, not only the tourist trade".

"Undoubtedly the unrest is a major cause of the problem and the influx of black holiday makers is an aggravating factor, turning away the rightist element who will find other places they can more readily relate to."

Predicting that some businesses could go under before the predicted upturn in Natal, Mr Mockler said hotels would have to drastically reduce tariffs to survive.

"Some extremely good bargains will be on offer to attract customers," he said.

Mr Gooderson said that February/May occupancies had dropped 22 percent but bookings had been down only 10 percent for the June/July season.

He predicted black tourists would make up 50 percent of the overall tourism mix for Natal within seven to 10 years. In the short term there would be a downtrend, but in the medium to long term he was positive, due partly to anticipated growth in the number of foreign visitors.

Hotel strike will continue, workers pledge

CMTMP (289) 23/7/90

JOHANNESBURG. — The three-week hotel strike by 5 500 workers at 41 hotels will continue, the SA Commercial Catering and Allied Workers' Union said yesterday.

The union said in a statement that it would today challenge Southern Sun's interim intedict preventing Malibu Hotel workers in Durban from joining the national strike.

Southern Sun have an order from the Natal Supreme Court forcing employees to continue work.

Mediation talks between Southern Sun and Saccawu on resolving the strike ended in deadlock on Friday night.

A management statement said the deadlock came after Saccawu rejected the company's offer of re-employment of retrenched workers at the company's Sabie River and Pine Lake Inn hotels. The union insisted on immediate re-employment of retrenched workers, whereas the company offered re-employment "as soon as possible".

Southern Sun industrial relations spokesman Mr Carl Ludick said basic agreement had been reached on all wage-related issues, including an offer by the company to increase the minimum wage to R710 on October 1, in addition to the current wage offer of R100 or 15%, "whichever is the greater".

● About 300 Saccawu members staged a 15-minute protest on Saturday at three hotels here. They dispersed peacefully. — Sapa

Taverners 'will fit into structure'

THEO RAWANA

NAFCOC is to enter the liquor trade with the inclusion of the 25 000-member National Taverners' Association (NTA) in its fold. (288)

NTA secretary Ray Mollison confirmed yesterday that his organisation had applied for affiliation to Nafcoc. B|Day 23/7/91

Nafcoc executive director Mofatsi Lekota said the affiliation would be a welcome move. "A new organisation such as NTA would fit into Nafcoc's structure well. Nafcoc's bargaining power, existing infrastructure and contacts will be of mutual benefit to both organisations," said Lekota.

No success in talks on striker access to hotels

OWEN MAUBANE

THE SA Commercial Catering and Allied Workers' Union (Saccawu) and Southern Sun/Holiday Inn management failed to reach agreement on striker access to hotel premises yesterday.

Saccawu national co-ordinator Elias Hlongwane said yesterday's meeting concentrated on the issues of striker access and sitdowns, but as yet the situation had not changed.

"We still have no access to hotel premises," Hlongwane said.

Saccawu had obtained an Industrial Court order on Friday, instructing the company to enter into negotiations immediately on allowing strikers to hold meetings on strike issues in the hotels.

By Friday, negotiations between Saccawu and Southern Suns/Holiday Inn had reached deadlock over union demands.

According to Hlongwane, Saccawu reached agreement with management for casual workers to have the right to be part of the union. They also agreed that sick leave would be 42 days on a three-year cycle and the night shift minimum wage would go up by R100.

However, negotiations deadlocked over dismissed striking workers from Pine Lake and Sabi River and over the wage settlement, he said.

Southern Sun/Holiday Inn management's offer to re-employ all the dismissed workers four months after signing a settlement was "unacceptable" to the union, which wanted their immediate reinstatement, Hlongwane said.

He said that while agreement was reached on a R120 across-the-board minimum wage increase, the company's offer of R100 backdated to April 1 and R20 from October 1 1990 was unacceptable to the union, which preferred a R105 increase backdated to April 1 and R15 from October 1. However, he emphasised that the difference over wages was not crucial.

"Our priority is on dismissals because there isn't much of a gap between us on wages. As soon as agreement is reached on that we anticipate calling the strike off," Hlongwane said.

Southern Sun/Holiday Inn industrial relations spokesman Carl Ludick was unavailable for comment.

Meanwhile, Federal Council of Retail and Allied Workers Union (Fedcraw) spokesman Ned Ketlele said a meeting between Fedcraw and Saccawu at the weekend had ended in disagreement over accepting Edgars' offer of a minimum wage increase of R165 a month and a 100% bonus after eight years.

"We have confirmed with Saccawu that they have as yet not accepted Edgars' offer," Ketlele said.

He added that a meeting between the two unions was planned for tomorrow to "iron out differences" that had arisen over the weekend.

Saccawu and Fedcraw would be meeting jointly with Edgars management on Thursday to reach a settlement, he said.

The unions are demanding R180-a-month increase and a 100% bonus after five years.

OK and Checkers settle, hotel strike continues

8 IPA 23/7/90 (289)

SUSAN RUSSELL

OK Bazaars employees will return to work this week after management and the SA Commercial Catering and Allied Workers Union settled their bitter seven-week wage dispute on Friday.

Both Saccawu and OK are committed to a negotiation process aimed at identifying and solving the areas of conflict between them, which had led to union accusations of a "baasskap" attitude by management.

In a statement, OK said it hoped the settlement marked the beginning of a period of reconciliation and dialogue aimed at establishing "a relationship based on mutual respect, understanding and a shared economic interest".

Saccawu's national organiser Jeremy Daphne said that, apart from the material improvement coming out of the stike action, it had served to bring the principles underlying the wage dispute to the surface.

"The focus of the strike was on two key areas. Bad management attitude and low wages," he said.

"The union emphasised that these are historical problems which have resulted in the build-up of a high degree of shop floor dissatisfaction and hostility towards OK management.

"An important outcome of the strike has been to make OK Bazaars acknowledge that management attitudinal problems do exist, are severe and must be addressed," Daphne said.

In terms of the settlement workers with less than five years service will receive an increase of R125 a month retroactive from April 7.

Retrenchment

Employees with five to less than 10 years service will receive R135 a month. Those with 10 years service or more will receive R145.

Workers will also receive an across-the-board increase of R10 a month from January 7 next year.

OK had also withdrawn the 587 notices of retrenchment issued to union members during the strike, but reserved the right to raise the retrenchment issue in terms of the retrenchment procedure in future.

Workers will return to work on Wednesday.

Daphne said Saccawu would focus on the harassment and arrests of picketing workers during the union's national hour of action on July 27.

The union, he said, would be calling for the right to picket without interference.

"Withdrawal of facilities to striking workers by management heightened the level of conflict.

"Another demand that will be made is the right of access for striking workers to company facilities."

The end of the OK strike coincides with the settlement between Saccawu and Checkers after two weeks of industrial action.

Saccawu said in a statement that in contrast to the OK and Southern Sun/Holiday Inn strikes, Checkers union members had full access to canteens, telephones and other facilities.

Saccawu members are continuing strikes at Southern Sun/Holiday Inn.

Sapa reports that about 300 Saccawu members staged a Johannesburg protest on Saturday at the Johannesburg Sun, Rand International and Downtown Holiday Inn under the watchful eye of police.

At all three hotels they sang and toyi-toyied for 15 minutes before dispersing peacefully.

US warns of travel danger

State Department cautions against visiting SA

Argus 24/7/90

28

From RAMSAY MILNE, The Argus Foreign Service

NEW YORK. — Americans have been warned of the dangers of travel in South Africa, Transkei and Ciskei.

Noting "escalating strife", the State Department said today that the African National Congress might be preparing to increase violence if talks with the government broke down.

The Argus political staff reports that while President De Klerk has again criticised the militancy of the ANC, talks are still scheduled for August 6.

The State Department advisory, a warning frequently offered to Americans about to leave for foreign trouble spots, also claimed that some Americans in South Africa had been harassed by rightwing political groups.

A department spokesman said in Washington: "There have been reports that the ANC is stepping up preparations to intensify the armed struggle if negotiations fail. There has also been a sharp increase in the number of violent incidents.

"The political situation in South Africa remains volatile."

Bush plea to Mandela

The department reminded reporters that in talks with Mr Nelson Mandela during his visit to the US the Bush administration urged the ANC to end the armed struggle.

However, radical elements in the ANC had been urging an end to the talks and a return to the armed struggle, the department said.

The ANC said yesterday that its armed-struggle strategy remained in place.

A statement by Mr De Klerk, in which he referred to the arrest of ANC infiltrators and the seizure of arms, was issued after a meeting of the State Security Council in Pretoria yesterday.

Senior members of the ANC could be among those arrested.

Mr De Klerk said that in the spirit of the Groote Schuur Minute temporary immunity was granted to people who would otherwise have faced prosecution.

He stressed that such immunity applied only in respect of actions on a date before the immunity came into operation.

Political observers today pointed out that immunity had been granted mainly to senior members of the ANC who had been outside the country.

The ANC national executive is continuing its meeting in Johannesburg today and the matter is bound to be considered there, but so far there has not been any reaction to Mr De Klerk's statement.

An ANC spokesman said yesterday that the national executive might issue a comprehensive statement after its meeting.

The movement knew of some people who had been detained but had no details of actions they were supposed to have been involved in.

The spokesman pointed out that "before, during and after Groote Schuur" Mr Mandela and other ANC leaders had stated that all ANC strategies including the armed struggle remained in place.

As long as this remained the case all other events remained matters of detail.

Mr De Klerk said that change, in whatever area, must be orderly and should follow peaceful negotiation and discussion. Government action since February 2 had been aimed at normalising the political process.

Since then nobody had been prosecuted merely because of his membership of a political organisation, he said.

There were, however, certain basic rules attached to this process.

They did not provide for any political organisations to stockpile arms in order to force its will at the negotiating table or in any other way to prevent the political process taking its normal course.

The peace and immunity processes did not provide for anybody to sneak in through the back door and try to seize power by force, Mr De Klerk said.

Cape Times 24/1/90

288

'Serious flaw in SA hotel scene'

JOHANNESBURG. — SA lost nearly 20% of its one star hotels in the past decade, said Fedhasa executive director Fred Thermann at the annual Fedhasa congress yesterday.

The total number of hotels declined nearly 10% in that period, reflecting tough business conditions.

More recently, as a result of elimination of depreciation and investment allowances, an actual decline in overall room capacity was recorded for the first time.

This was in spite of the fact that three star hotels proliferated in the 1980s, increasing in number by 70% to 131, while 13 new four star hotels were also built, doubling their number.

There was a less dramatic 11% increase in the number of five star hotels while the number of two star hotels increased marginally.

"With the international tourism inflow gathering momentum, this is a serious flaw in the SA hotel scene," said Thermann. — Sapa

Cape Times 24/7/90

Tourism in SA expected to soar

288

JOHANNESBURG. — About 2m visitors to SA could be expected by the turn of the century, the Minister of Tourism, Kent Durr, said yesterday.

"Given the right socio-political climate and commitment to reconciliation and negotiation, we may confidently expect a peak of 2m visitors by the turn of the century," Durr said at the Fedhasa National Congress held at a Johannesburg hotel.

He said SA was now seen in a new light as "a respectable tourist destination".

"I have just returned from Europe and can state unequivocally that the changes in SA are now fully accepted and encouraged.

"We are therefore planning large new industrial investments in concert with European partners, as well as strengthening tourism links in a variety of ways as the market expands."

SA tourism had a "remarkable year" in 1989 with a total of 930 393 arrivals, 15,6% up on the previous year.

The foreign arrivals showed an increase of 18,3% from January to April 1990 compared to the same period for 1989, while overseas countries, excluding Africa, showed a 19,6% increase.

Durr said Tourism was also a job creator affording opportunities at lower costs than in the industrial sector as a whole. — Sapa

Tourism Board chairman Pieter van Hoven, left, and tourism committee chairman Theo Behrens during a panel discussion at the Fedhasa congress in Johannesburg yesterday.
Picture: ROBERT BOTHA

B\Day 24/7/90 (288)

SA can expect up to 2-million tourists by 2000, says Durr

ACHMED KARIEM

SA's fast growing tourism industry would attract 2-million visitors by the year 2000, Trade and Industry Minister Kent Durr said yesterday.

In his opening address to the 40th annual Fedhasa congress in Johannesburg, he said SA was seen in a new light as "a respectable tourist destination", reports Sapa.

"I have just returned from Europe and can state unequivocally that the changes in SA are now fully accepted and encouraged.

"We are therefore planning large new industrial investments in concert with European partners, as well as strengthening tourism links in a variety of ways as the market expands."

Durr said there was a need for "planning for qualitative travel, not cheap mass travel". Host communities resented their way of life being adulterated by what they saw as "hordes of intruders".

SA could learn from the mistakes of Europe, he said, where both host and guest resented what had become known as the "ghetto" destination — the result of the herd instinct and overcrowding.

Uncontrolled tourism growth had a negative impact on culture and the environment.

"Tourism must retain its human dimension: it should be seen as a social and cultural phenomenon, and an educational experience, quite apart from its commercial aspects," he said.

A strategy for future development had to be devised. For example, lesser-known areas of SA could be developed to take the pressure off well-patronised tourism spots.

Foreign arrivals in SA in the first quarter of this year showed an 18,3% increase compared with 1989.

He said last year proved to be a remarkable year for SA tourism with an overall 15,6% increase to 930 393 arrivals compared with the previous year.

"Within the next decade, SA tourism could well leap ahead and top all its local rivals, including gold, as a foreign exchange earner," said Durr.

Tourism Board chairman Pieter van Hoven, left, and tourism committee chairman Theo Behrens during a panel discussion at the Fedhasa congress in Johannesburg yesterday.
Picture: ROBERT BOTHA

B/Day 24/7/90 (288)

SA can expect up to 2-million tourists by 2000, says Durr

ACHMED KARIEM

SA's fast growing tourism industry would attract 2-million visitors by the year 2000, Trade and Industry Minister Kent Durr said yesterday.

In his opening address to the 40th annual Fedhasa congress in Johannesburg, he said SA was seen in a new light as "a respectable tourist destination", reports Sapa.

"I have just returned from Europe and can state unequivocally that the changes in SA are now fully accepted and encouraged.

"We are therefore planning large new industrial investments in concert with European partners, as well as strengthening tourism links in a variety of ways as the market expands."

Durr said there was a need for "planning for qualitative travel, not cheap mass travel". Host communities resented their way of life being adulterated by what they saw as "hordes of intruders".

SA could learn from the mistakes of Europe, he said, where both host and guest resented what had become known as the "ghetto" destination — the result of the herd instinct and overcrowding.

Uncontrolled tourism growth had a negative impact on culture and the environment.

"Tourism must retain its human dimension: it should be seen as a social and cultural phenomenon, and an educational experience, quite apart from its commercial aspects," he said.

A strategy for future development had to be devised. For example, lesser-known areas of SA could be developed to take the pressure off well-patronised tourism spots.

Foreign arrivals in SA in the first quarter of this year showed an 18,3% increase compared with 1989.

He said last year proved to be a remarkable year for SA tourism with an overall 15,6% increase to 930 393 arrivals, compared with the previous year.

"Within the next decade, SA tourism could well leap ahead and top all its local rivals, including gold, as a foreign exchange earner," said Durr.

Fears of US curbs on tourists

Cit-Tnp 25/1/90

TRAVEL AGENTS have greeted with dismay reports that American tourists have been warned by their State Department of the dangers of travel in South Africa, Transkei and Ciskei.

Association of South African Travel Agents vice-president Mr Barney Singer said he feared such negative publicity could curb the "tremendous increase" in tourists visiting the country since foreign approval of recent political changes.

Mr Singer said American citizens were usually "the first to avoid trouble situations" and that this could have a ripple effect on tourists from other countries.

He added that a successful board meeting of the Universal Federation of Travel Agents held in South Africa earlier this month was still expected to promote the local tourist industry, despite the warning to Americans.

Meanwhile, United States Information Service spokesman Mr Mike Scanlin said the State Department's routine traveller's cautionary note had been combined with the response to a question about alleged ANC arms caches.

The response had "simply reaffirmed the US's long-held view of the need for all sides to recommit themselves to a non-violent approach to a solution to South Africa's problems", he said.

The warning was an updated version of a cautionary note of several years standing which told travellers to "pay attention", Mr Scanlin said.

● Tourism Minister Mr Kent Durr yesterday said he had "no comment" on the warning issued by the American government, reports **ANTHONY JOHNSON**.

Last year was a bumper season for tourists visiting South Africa, with a total of 930 393 arrivals — 15,3% up on the previous year.

The rate of increase for foreign arrivals jumped to 18,3% for the January to April period compared with last year, with the US showing an increase of 18,4%.

Mr Durr told a Fedhasa congress in Johannesburg on Monday that SA's fast-growing tourism industry could attract two million visitors by the year 2000 — and could top gold as a foreign-exchange earner.

However, he cautioned that SA needed "to work against the destructive and wasteful effect of the mindless pollution of violence".

The Minister of Foreign Affairs, Mr Pik Botha, was not available for comment last night.

However, foreign-affairs sources did not appear unduly alarmed by the State Department warning against tourist visiting South Africa. — Staff Reporters and Own Correspondent

Hotel strikers present demands to MD

OWEN MAUBANE

MORE than 2 000 SA Commercial, Catering and Allied Workers' Union (Saccawu) members marched to the Sandton Sun from the Sandton Holiday Inn at noon yesterday and handed over a memorandum to Southern Sun/Holiday Inn MD Bruno Corte. BDay 25/7/90

Saccawu national negotiating team member Setena Khaile said the memorandum included a demand that wages should be increased by R160 across the board; that management eradicate the flexiwork programme used in the hotels; and that it end job reservation and segregated canteens.

Khaile said Corte had accepted the memorandum and offered to meet Saccawu as soon as possible. A meeting was set to take place at the Johannesburg Holiday Inn early today.

In a telephone interview yesterday Corte said his meeting with the marchers was a "positive exercise".

"The strikers wanted me to clarify the company's position on ending the strike, and so I told them that we were very keen to see it end since it benefited no-one," he said.

Saccawu national organiser Allan Horwitz said the intention behind the march was to demonstrate to management that the strikers were dissatisfied with the company's termination of mediation last Friday. 288 [redacted]

"We wanted to force management to re-examine its position," he said.

NEWS

Striking hotel staff toyi-toyi in Sandton City

288

By Brendan Templeton

About 1 000 striking Southern Sun workers yesterday descended on Sandton City shopping centre, demanding to see Southern Sun/Holiday Inns group managing director Bruno Corte.

The centre reverberated to the thunder of shuffling tackies as workers toyi-toyied, shouting for Mr Corte to take steps aimed at ending the strike deadlock at 41 of the group's hotels.

Startled shoppers stood aside as the strikers, who had marched from the nearby Holiday Inn, swept up to the main entrance of the complex.

About 20 riot policemen armed with shotguns stood around, but the spirit between the workers and the authorities was cordial. A traffic officer even offered the use of his car's loudhailer when the workers' megaphone failed.

Mr Corte was ushered down and soon he and worker representatives had organised a meeting at the Downtown Holiday Inn at 9 am today.

The traffic department blocked off the road to the entrance to allow the informal conference to take place. Workers sat on the tarmac while their representatives and Mr Corte negotiated the meeting.

Worker leaders accused him of trying to ensure that the strike stalemate continued, and of not being concerned about ending it.

Mr Corte denied this: "Oh, come on. We were able to work out an agreement on the Mike Gatting (cricket tour) issue. I'm sure we'll be able to solve this."

They then demanded he address the workers directly.

"Sure. I will, I'm not scared of them," Mr Corte said.

He told the workers about today's scheduled meeting and they cheered his announcement.

Shortly afterwards they sang Nkosi Sikelel' iAfrika before dispersing to waiting buses.

Airways deregulation report nearly complete

BDay 26/7/90

MANDY JEAN WOODS

FINDINGS on several recommendations by the steering committee which investigated the deregulation of the domestic air travel market will be completed within the next few months.

The Domestic Air Transport Policy document, published two weeks ago, said detailed recommendations on how to implement the steering committee's recommendations should be completed by December "with a view to implementing these on July 1, 1991".

Guidelines for a study of the future of SAA in a deregulated market would be completed by the end of this month with the contract being awarded about mid-September, a Privatisation Unit spokesman said yesterday.

And the investigation into the possible privatisation of the state's nine airports would be completed within the next two months, a Directorate of Civil Aviation (DCA) spokesman said.

The steering committee's report said the Department of Transport should preferably not be involved in offering services such as the provision and operation of airports, and airport and air traffic services.

The department's role should be to set, monitor and enforce safety standards in this regard.

Functions

DCA director Japie Smit said the department was "very, very keen on getting an independent airport authority which could decide on matters concerning airports, like capital expenditure".

The report also recommended that:

- The National Transportation Committee's aviation functions should be abolished from July 1991;
- The Air Services Act 1949 should be renamed the International Air Services Act 1949 and be retained for international air services to and from SA;
- A new licensing system, based on safety-related criteria, should be introduced and make provision for the licensing and control of operators;
- A new statutory body, the Air Service Licensing Council, should be established to judge prospective entrants against the entry criteria to ensure they rendered a safe and reliable service;
- Auxillary services such as the provision and operation of airports, airport services and air traffic services should be rendered on a commercial basis and the principle of user-charging should be applied to ensure users paid for these benefits.

Government accepted all the recommendations but reserved judgment on those affecting the position of SAA in a deregulated domestic market, according to the report.

It would only make its position on these recommendatons known once consultants have put forward proposals on how SAA should operate in a deregulated market.

Hotel industry 'has management skills shortage'

ACHMED KARIEM

THE SA hotel industry suffered from a lack of management skills, National Productivity Institute (NPI) executive director Jan Visser said yesterday.

In his address to the annual Fedhasa congress, Visser said there was a need for solid management development in the industry.

An NPI productivity study of the hotel industry showed that there was an annual labour turnover of about 67% among middle management, 27% of whom left the industry completely.

The study showed many managers were not aware of the extent to which staff were leaving the industry.

Further, management was not focused on industrial relations. "A lack of trust existed between management and unions," he said.

Managers needed to build relationships of trust and to train people properly.

More than 50% of the hotels in the sample had an occupancy rate of less than 50% and barely 23% had an average room occupancy rate higher than 70%, showing a major marketing problem, he said.

Another criticism was that some hotels had no idea where they made their money.

In the decade to 1988 the industry's salaries and wages index had increased from the 1978 base of 100 to 479,7, while the Consumer Price Index had risen from 100 in 1985 to 383,7. Visser said the real standard of living went up.

Picture: JOHAN SCHRÖNEN, The Argus.

HOTEL MARCH: Members and supporters of the SA Commercial Caterers' and Allied Workers' Union took part in a peaceful march in Cape Town yesterday. A petition calling for improved pay and working conditions was delivered at the Cape Sun Hotel.

CT
Tmt
26/7/90

289

8c/ 26/7/90 288

NEWS

Give black business a chance in tourist industry

Staff Reporter

A conducive atmosphere should be created for black businessmen to enter the tourism industry, delegates to Fedhasa's annual congress in Johannesburg heard on Tuesday.

Willy Ramoshaba, chief executive of WR Consultants, told about 60 hotel owners and managers that unless they started talking seriously to black entrepreneurs, the call for nationalisation would never cease.

"You have called on the Government to open the doors of your hotels, but you can play a much greater role.

"This does not mean a major exercise, it means sharing advice with black businessmen."

One

Mr Ramoshaba said Soweto had only one hotel and it was not graded.

Lawrence Mavundla, president of the African Council of Hawkers and Informal Businesses (ACHIB), told delegates that prosperity in the hotel industry depended entirely on the black market.

"The only way any hotel or company can benefit in the future is by creating some form of partnership with black businessmen."

Mr Mavundla said there were attitude problems towards black customers in hotels. The fact that some hotels and restaurants were still reserved for whites also needed urgent attention.

Sunbop a good bet for star results — analysts

B/Day 26/7/90

288

MANDY JEAN WOODS

ANALYSTS predict SunBop will turn in a star performance when its year-end results are announced in the next few weeks with earnings growth estimated at between 30% and 36%.

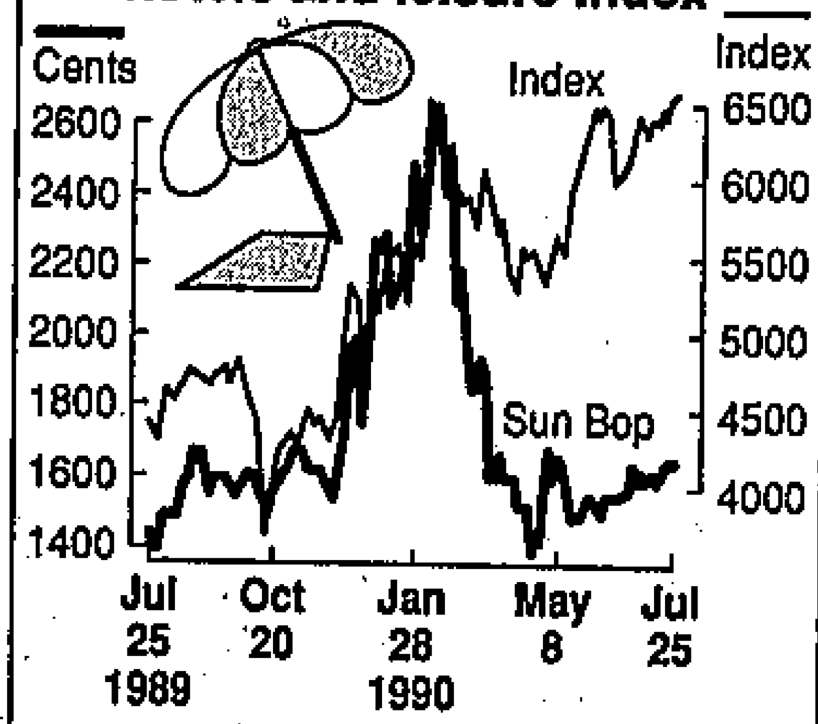
Its dividend should similarly shine. But tighter economic conditions are expected to affect SunBop's second half-year results making them lower than in previous years, several analysts said.

The trend has generally been for SunBop to report a much higher growth in the second half compared to the first half of the year.

"In the past SunBop has been relatively immune to economic downturns. But South Africans like to gamble and even making concessions for the fact the average spend per person at Sun City is down, it should still do well," an analyst said.

While SunBop grew rapidly off a small base which made the group virtually recession-proof, management believes it has reached such a high level of market penetration that it can no longer escape the effects of economic cycles, according to a report by stockbrokers Fergusson Bros.

Sun Bop and beverages, hotels and leisure index



Graphic: FIONA KRISCH Source: JSE

"Thus with consumer spending slowing we do not expect any further increase in occupancy rates and believe the second half gaming income growth could well be below the 40% plus apparently achieved in the first half," the report said.

"We have assumed second-half growth will, as management has suggested, match that of the interim results. Accordingly we have increased our earnings forecast to 143c from last year's 105,6c and our dividend projection increased to 106c from last year's 78,5c," the report said.

The expansion at Sun City and new development at Babelegi — totalling R1bn — was a positive development with earnings potential for the two projects estimated at more than R220m (equivalent to more than 130% of current operating profit).

SunBop could achieve a compound growth in earnings of more than 30% a year over the next five years although tax equalisation is likely to smooth earnings a share, resulting in growth of 25% a year, the report said.

However, the planned expansion raises the risk profile of the group by increasing SunBop's volume sensitivity, its dependence on Bophuthatswana's favourable tax structure, increases its sensitivity to the homeland's political situation and moves the group closer to market saturation, the report said.

Tourism: 'Politicians hold key'

Sowetan 26/7/90 (288)

THE solution to the drastic drop in occupancy in Natal hotels lay entirely in the hands of the politicians, said Natal regional director of the Association of South African Travel Agents (Asata), Neil Mockler.

Reacting to claims by Alan Gooderson of Fedhasa that Natal hotels had experienced their worst ever Easter season, Mr Mockler described the situation as "a tragedy for all of us, not only in the tourist trade".

"Undoubtedly the unrest is a major cause of the problem and the influx of black holiday makers is an aggravating factor, turning away the rightist element who will find other places they can more readily relate to."

Caterers down tools as strike action spreads

ARGUS 27/7/90

By SHARON SOROUR
Labour Reporter and Sapa

MORE than 100 000 workers in the commercial and catering trade — members of the SA Commercial, Catering and Allied Workers' Union (Saccawu) — were to down tools for one hour throughout the country today, continuing the spate of nationwide strike and work stoppages.

Union general secretary Mr Vivian Mtwa said the "hour of action" aimed to highlight Saccawu's living wage campaign and other demands, including:

- The right for union members to picket without police or municipal interference.
- The right to strike.
- Access to company premises and facilities while on strike.
- The end to right-wing harassment and assaults on union members.

Meanwhile, about 5 000 Metro Cash and Carry workers, also members of Saccawu, embarked on a nationwide strike at about 150 stores yesterday.

Workers participating in a strike ballot this week voted in favour of taking strike action after wage negotiations broke down.

The union is demanding a R150 monthly across-the-board increase while management is offering R135.

The three-week strike involving nearly 6 000 Saccawu members at 41 Southern Sun-/Holiday Inn hotels is continuing after attempts at mediation ended in deadlock last week.

WILDCAT STRIKE

In Parow, a wildcat strike by about 400 council workers over conditions of service enters its fifth day after informal talks between the South African Municipal Workers' Union (Samwu) failed yesterday.

About 30 000 leather industry employees will get a 19 percent wage increase following a final national wage agreement between unions and the Footwear Manufacturers' Federation of South Africa.

According to federation director Mr Dennis Linde, the increase is backdated to July 1 and also applies to non-parties to the National Industrial Council for the Leather Industry.

Negotiations between about 200 employers and two trade unions in the industry lasted about three months and were marked by sporadic work stoppages.

FM 27/7/90 (288)

TOURISM FM 27/7/90

Looking for favours

Two points were clear at the annual congress of the Federated Hotel, Liquor & Catering Association held in Johannesburg this week — SA still does not have a tourism strategy and government is anxious to pass its responsibility for tourism over to the private sector.

This does not displease the hotel industry, but in return it wants a back-scratcher, which can take the form of either soft loans or incentives from government. (288)

A strategy may emerge from studies being conducted by the Development Bank of Southern Africa and the Board of Trade & Industry. The board's inquiry was not finished, as promised, by the middle of this year. But it may be complete by the end of the year when the bank's report is expected to be drafted.

Minister of Trade, Industry & Tourism Kent Durr told the congress that the reports may be combined to form the basis of a White Paper — which may be the beginnings of a tourism strategy for SA — and is likely to be tabled in parliament.

Ironically, government has made more progress in privatising tourism. It appointed a private-sector representative as chairman of the SA Tourism Board, Comair MD Pieter van Hoven. Privatising the grading of hotels and the scrapping of the Travel Agents' Board is in the pipeline.

In 1988, government ended the tax incentive scheme on new hotels. Since then, said outgoing chairman David Wigley, virtually no new hotels have been planned. Consequently, the tourism industry may find it difficult to accommodate the 2m foreign tourists Durr expects each year by the end of the century.

Wigley emphasised that the hotel industry is not asking for special treatment but merely to be treated the same way government treats other industries.

He cited the case of the Industrial Development Corp lending R317m at 5% a year for five years to industrialists whose assets were worth no more than R50m and how proud the corporation is that those loans earned or saved R1bn in foreign exchange by boosting exports and replacing imports.

He feels the hotel industry should be shown the same courtesy because he claims it is probably a more powerful job creator and earner of foreign exchange than industry.

Theo Behrens, MD of TBK Marketing, said more than 20 government organisations and R750m in cash is available to help manufacturers. The tourism industry needs funds to establish an entire infrastructure, of which hotels are only one element.

Van Hoven maintains that government wants one super body to represent the industry and dictate to other government bodies that have an interest in tourism. The need for this was underscored by Peter Hearfield, group operations director for Southern Sun, who said there are 50 to 60 government bodies that have a say in tourism.

But it took Protea Hotels MD Arthur Gillis to inject a sense of realism into the debate. "Before we ask for cheap money to build more hotels," he said, "let's take note of the fact that 49% of the accommodation we had last year was unoccupied." ■

Tourism could offset bleak Christmas

CMt Times 28/7/90 (288)

AN INDICATED increase of at least 20% in foreign tourists in the coming season is expected by Cape businessmen and hoteliers to offset the effects of a downturn in the economy, and a "Christmas without jingles" forecast by economists.

Only about 140 shopping days until Christmas and economists are not enthused over business prospects for South Africa generally, but Cape businessmen expect an upsurge in tourism to offset the effects of the economic downturn. ARI JACOBSON and ROGER WILLIAMS report.

Theo Behrens, vice-president of Fedhasa, says the 20%-increase figure being worked on in the tourist industry is based on bookings already made, and that the Western and Southern Cape will be major beneficiaries of increased tourism.

The economists claim the current tough times, with the ranks of the unemployed swelling and the number of business insolvencies rising, will be transmitted into less spending over the festive season.

They predict the consumer will be worse off over Christmas, with the battle for survival continuing over the rest of the year.

First National Bank economist Cees Bruggemans says: "The next six months will be harder on the consumer than the first part of the year, leading to a further slowdown in consumer spending."

Decline

The general impression is that lower interest rates, expected later in the year, as well as a declining inflation rate, should eventually lessen the burden, but not enough to count by Christmas.

Old Mutual's economist Dave Mohr says the largest part of the inflationary decline has already impacted on the economy and no further easing of the country's economic plight should be expected till 1991.

He says that some relief in the way of tax reforms, introduced in the budget, which comes on stream in July, would have worked its way out of the system by December.

The generally gloomy forecasts of economists are not shared by some leading business houses in Cape Town.

John Barry, Western Cape regional GM of Pick 'n Pay, says the company's turnover this month is up 22% on July last year, "and we are confidently budgeting for an increase of up to 30% in the coming Christmas season, over last year's figures".

"Except in that shoppers are tending to be more selective in their buying, the supermarkets have not really been affected by the downturn in the economy, and our bullish forward planning has been in the belief that the Cape will be the number one holiday destination this year.

"We also believe the Western Cape will feel any downturn in the economy far less than elsewhere in the country."

Optimism

Leon Kellett, general sales manager of Melotronics, says although demand has fallen off for electric appliances, the market remains good for electronic equipment such as TV and hi-fi sets, video machines and radio cassettes, and is expected to remain firm until the Christmas shopping season.

"While many customers are now looking at equipment a shade lower in quality and price than the very best on offer, turnovers are being maintained and could even pick up towards the end of the year, with the increased optimism and progress on the political front that we expect.

"We feel confident and positive about the prospects for the coming season."

Police hold more than 300 union picketers

289

WILSON ZWANE

MORE than 300 SA Commercial, Catering and Allied Workers' Union (Saccawu) members were arrested while picketing during a national hour of protest on Friday, a union spokesman said at the weekend.

SAP spokesman Capt R Maree confirmed yesterday that 166 people were arrested for illegal demonstrations on Friday.

"Forty-five people were arrested at Checkers centre in Middleburg and 121 people were arrested in Pietersburg," Maree said.

In a statement Saccawu deplored the arrests, saying it was "unfortunate that the police had again intervened while the situation was volatile.

"Police intervention was uncalled for and acted as a catalyst," Saccawu said.

The union said its members stopped work and held pickets in all major centres and most smaller towns between 2pm and 3pm on Friday.

"Eighty percent of stores closed down in the city centre of King William's Town," the spokesman said.

Friday's hour of action was part of Saccawu's campaign for a living wage and the right to strike.

"During the recent strike at OK Bazaars and at Southern Sun/Holiday Inn the union was unable to exercise fully its legal right to withhold labour because of massive police interference and the removal of access to store facilities by management," Saccawu said.

In another development, Saccawu has said it would meet Metro Cash and Carry management today for mediation in a bid to resolve the wage dispute.

"The union is demanding a R150 across-the-board increase and the company is offering R130. There are no other issues in dispute," the union said.

The strike action involving 5 000 workers at 150 Metro Cash and Carry stores throughout SA started on Thursday

According to the union, the striking workers were conducting canteen sit-ins.

Saccawu added that it would meet Southern Sun/Holiday Inn management on Friday, following a meeting last week.

"Southern Sun continued to refuse information detailing the breakdown of the R28m allocated to wage increases this year. The present division of resources provides an increase of R12m for the top 2 000 employees and R14m for the remaining 8 000 workers, who are earning less than R800 a month.

"This allocation perpetuates poverty and protects elitism," the union said.

Sweeping plan to turn SA into tourism Mecca

Star 1/9/90

288

MICHAEL CHESTER

MASSIVE improvements to the game parks and nature reserves have been set as the top priority of a new multi-million-rand master plan to boost South Africa as a tourism magnet.

Details of proposals to create a safari paradise for local holidaymakers and tourists from overseas were released yesterday by the Board of Trade and Industry (BTI).

The BTI has urged the Government to allow the National Parks Board to borrow R333 million from the capital market to press ahead with expansion plans at the Kruger Park and elsewhere — with State subsidies if necessary.

Preparation of the master plan had been ordered by Kent Durr, Minister of Trade and Industry and Tourism, to form the basis of a new drive to improve South Africa's status as a tourism centre.

Mr Durr had been alarmed by statistics showing South Africa was losing out in the global tourism business. While spending by foreign tourists on visits to the Republic, at a count taken in 1988, stood at less than R1,5 billion, in the reverse direction, South Africans were spending almost R2,2 billion on holidays overseas.

The foreign exchange earnings of South Africa from tourism were less than one-tenth the income from exports of manufactured products.

See PAGE 10

Mr Durr is also known to be pushing for better facilities for holidays-at-home South Africans — reckoned to number about 10 million last year and between them spending more than R2,8 billion a year on holiday sprees.

In short, the BTI has advised the Minister to instruct the Government to stay out of the tourism business as much as possible — and hand over tourism to private sector experts.

One proviso is that the private sector stays within official guidelines laid down to protect the environment.

The board has nailed down many shortfalls in the way the local tourist industry operates at the moment — in salesmanship and in costs.

It recommends new assistance programmes for the Small Business Development Corporation to help in the launch of a new network of good small hotels.

And the Competition Board is asked to look into stripping away all unnecessary regulations that hamper caravan parks, guests houses and home-based bed-and-breakfast operations.

The National Parks Board envisages that the tourist capacity of game parks and nature reserves, which at the moment can cope with only one-fifth of demand, will be doubled.

The private sector will be urged to develop far

● TO PAGE 2.

Star 1.9/90

Tourism

288

● FROM PAGE 1.

more holiday facilities around South Africa's vast network of huge dams — which between them can count a total perimeter twice as long at the entire coastline.

The Department of Environment Affairs will be asked to earmark new conservation areas and class ify them on strict international guidelines.

Mr Durr forecasts a dramatic surge in the tourism business in the 1990s and beyond as a better political climate draws more overseas visitors — promising a bonanza in foreign exchange earnings.

Planning also takes into account the increase in black holidaymakers as living standards improve and old apartheid barriers disappear.

The major concern is that South Africa plans ahead to ensure that accommodation and services are adequate to meet the surge.

The proposals envisage sweeping improvements in all holiday facilities — more accommodation and better travel services by air, road and rail.

Among the recommendations is that plans be set in motion as soon as possible to set about upgrading Jan Smuts Airport — the main gateway to South Africa — by the year 2004, when on present trends it will be struggling to cope with passenger traffic.

The BTI prepared the plan in close consultation with private sector experts and all the key public and regional authorities engaged in holiday services.

Its proposals will be dovetailed with new national strategies being worked out by the Development Bank of Southern Africa in consultation with the SA Tourism Board.

The board has given a thumbs-down to SA Airways requests for State subsidies to cover the extra expense of flying around the bulge of West Africa on jet routes to the north.

When the master plan has been finalised, the details will be set out in a White Paper.

This is likely to be tabled in Parliament early next year.

R333-m to upgrade game parks

Star 1/9/90 288

Big plans to cope with the expected tourist avalanche

MICHAEL CHESTER

THE Government was urged this week to back a financial package by the National Parks Board to raise loans of a stunning R333 million to set about improvements and expansions at its network of reserves.

The proposal was listed by the Board of Trade and Industry as a top priority in new moves to boost South Africa's status as a global attraction for both local holidaymakers and international tourists.

It is the main feature of a chain of recommendations made by the BTI in a masterplan on the future of tourism that has been delivered to Minister of Trade and Tourism, Kent Durr.

The board has reminded the minister that at the moment the world-famous Kruger National Park can cope with only one in five of the thousands of tourists seeking accommodation at peak periods.

It suggested that the Government should either provide the R333 million in three annual instalments, or else subside the interest paid out on cash raised in the capital market.

It estimated that the cash injection would boost the operating surplus of the National Parks Board by R864 million over the next nine years — but provide an overall boost to gross domestic product of a massive R4,3 billion because of the spending generated by the larger number of tourists.

The BTI recommends similar financial packages for the Department of Environment Affairs to launch improvements by the Natal Parks Board and at botanical gardens and conservation areas under its control.

The Minister has been told research shows that South Africa's fauna and flora are by far the biggest draw for nine out of every 10 overseas tourists.

Proposed developments envisaged that the present capacity of National Parks Board game reserves would be doubled by the addition of 4 194 beds to total accommodation.

The following spending patterns were recommended:

● Kruger Park — R73,3 million:
Completion of a new rest camp between Letaba and Shingwedzi (532 beds): R24 million.
Creation of a new camp called Narina, along the Sabie River west of Skukusa (100 beds): R22,5 million.
Building four small bushveld camps at Sirheni, Shimuwini, Talamati and Mbyamiti (each with 70 beds): R11,8 million.
New Doornplaat rest camp (70 beds): R3 million.
Upgrading at Skukuza, Lower Sabie, Pretoriuskop and Punda Maria: R10 million.
Raising other accommodation to first-class standards: R2 million.

● Kalahari Gemsbok National Park: R27,8 million.
● Augrabies Waterfall National Park: R5 million.
● Kransberg National Park: R35,8 million.
● Vaalbos National Park: R30,5 million.
● Golden Gate Highland National Park: R1,5 million.
● Bergkwagga National Park: R1 million.
● Karoo National Park: R1,5 million.
● Addo Elephant National Park: R2 million.
● Zuurberg National Park: R12 million.
● Tankwa Karoo National Park: R1 million.
● Bontebok National Park: R67 million.
● Richtersveld National Park: R12,8 million.
● West Coast National Park: R17,8 million.
● Wilderness National Park: R40,5 million.
● Knysna National Lake Area: R3,5 million.

The proposals included not only the creation of more tourist accommodation but also major extensions of several of the game parks.

The BTI said it had considered the option of privatisation of the commercial operations of official conservation bodies. It came to the conclusion, however, that such moves would not be in the long-term interests of the country.

The United States had followed the privatisation route with some of its national parks — with devastating effects on the environment because of over-exploitation.

It added: "The best way to ensure that the resources which lie at the heart of the tourism industry in South Africa — its fauna and flora as conserved in its parks — should remain under the control of government authorities, with the proviso that they at all times strive to maintain a balance between conservation and the demands of tourists.

"If this balance leans too far towards conservation it could impair the optimum development of the tourist industry, while to lean too far towards commercialising the parks could detrimentally effect the most important tourist attraction which South Africa has."

Report moots raising of R333m loan to promote tourism in SA

PETER DELMAR
and GERALD REILLY

A WHITE paper on the future expansion of SA tourism will be tabled in Parliament early next year following the release at the weekend of a far-reaching official report on the industry.

Trade and Industry Minister Kent Durr said at the weekend the white paper would be compiled against the background of a Board of Trade and Industry (BTI) report and another by the Development Bank of Southern Africa.

The board stresses in its report that the country's nature reserves are the lynchpin of overseas tourism and the main reason why foreign vistors come to SA.

The report recommends that the National Parks Board raises a loan of R333m in the capital market for 10 years which would enable it to create more than 4 000 new beds inside reserves — double its current capacity. The package would enable the board to become financially independent after eight years.

Durr said the Development Bank report — still to be submitted to him — aimed at setting out a long-term strategic development plan for tourism. "I am determined we will produce parameters for tourism growth to fulfill the industry's enormous potential in the new SA of the nineties and beyond," Durr added.

The BTI report stressed southern Africa's "unique selling point" in the world's tourism market — its wildlife and game parks.

The said occupancy of the 240 000 beds available daily across the entire range of accommodation establishment was at a maximum for only three months a year. For half the year accommodation was substantially under utilised.

Investment in the country's tourism capacity in the last few years had been small.

A national tourism policy should aim at eliminating goverment restrictions hampering the industry's development and to replace public sector involvement with private initiative.

Stressed, too, was the great scope for expanding the capacity of the country's wild life parks. The report pointed out that as long as SAA had to fly around the bulge it would be impossible to level the field of airline competition except by subsidisation — and this the board could not support.

It also rejected the suggestion of a tourism industry bank. BPcm 3/9/90

Links

288

Other recommendations were:

☐ Planning for the future of Jan Smuts airport should start immediately, as the current improvements may not be adequate beyond the year 2004;

☐ Satour should withdraw from its involvement in domestic tourism as soon as possible and the various regional development advisory committees should co-ordinate efforts to promote tourism at a regional level;

☐ The various regional tourism promotion bodies form links with the Tourism Liaison Council which should have direct access to the SA Tourism Board;

☐ The development of the tourist potential of SA's dams, which have a total perimeter twice the country's coastline, should be given high priority.

☐ The Association of Southern African Travel Agents should investigate the formation of a pool arrangement to ensure more economical use of luxury coaches; and

☐ It was not in the best interests of the industry to privatise the commercial operations of the official conservation bodies.

The 12-man police unit which made the arrests was led by Capt Charles Landman,

Malherbe said police believed the gang was also responsible for a spate of recent armed robberies on the Reef.

Tourism needs capital to expand 288 Fedhasa

B Day 4/9/90

GERALD REILLY

PRETORIA — The availability of capital to develop the industry's infrastructure was basic to any effort to significantly expand foreign tourism, Fedhasa CE Fred Thermann said yesterday.

Thermann was "furious" that Trade and Industry and Tourism Minister Kent Durr's office had failed to supply him with a copy of the Board of Trade and Industry (BTI) report.

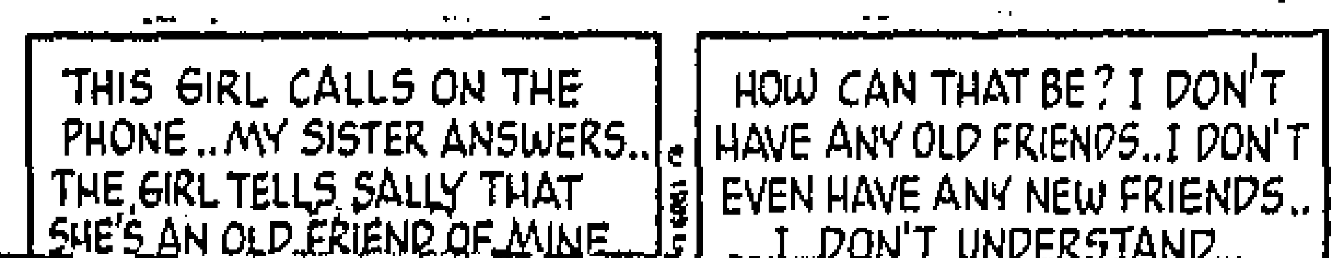
He agreed, however, that tourism was vital to the future of the country.

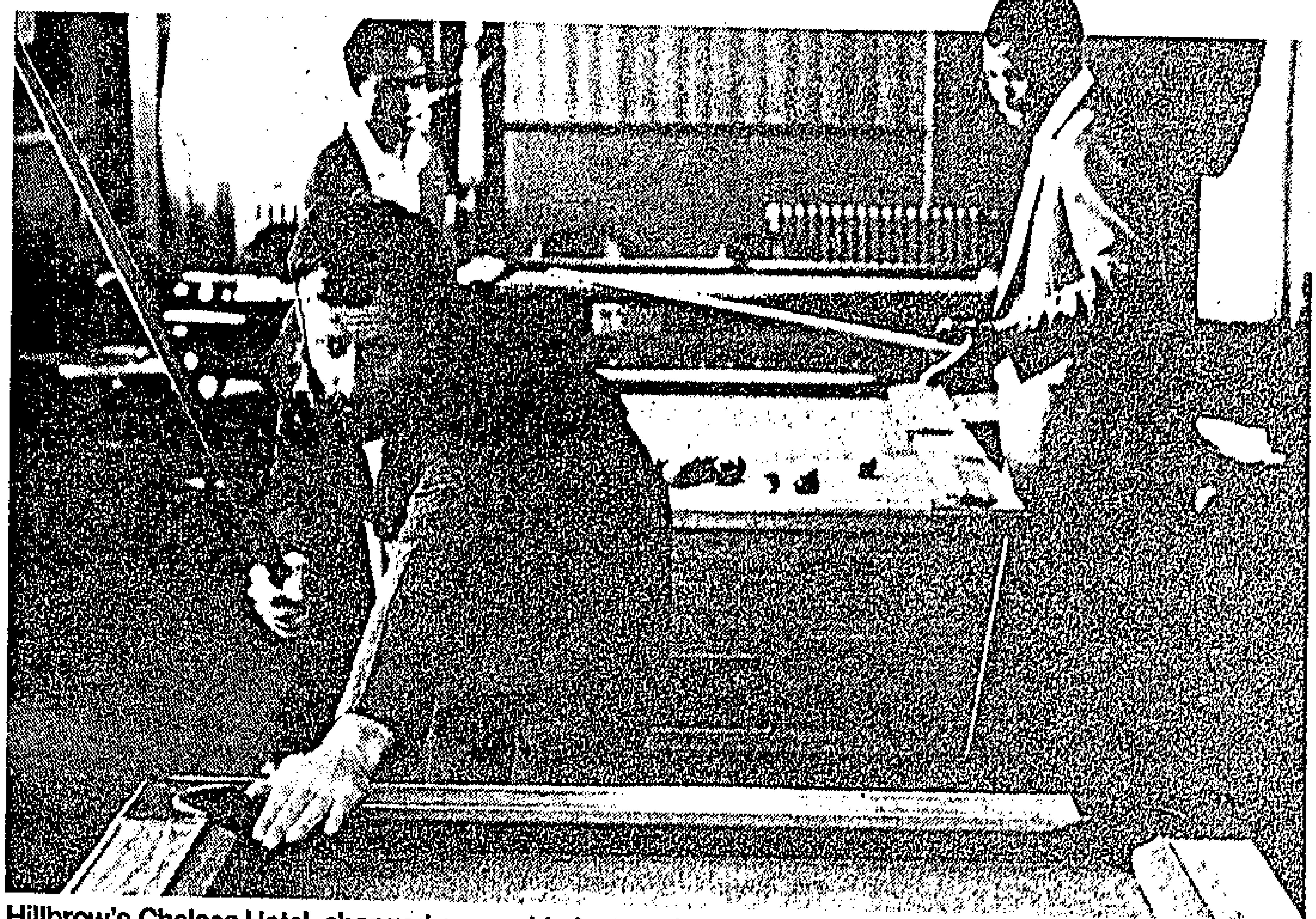
He welcomed Durr's intention to table a white paper on the industry in Parliament next year.

He said he agreed with Durr that investment in the industry in the past few years had been limited.

It was hoped the paper would acknowledge the need for making development capital available under favourable conditions — to allow for the rise in tourist numbers.

PEANUTS By





Hillbrow's Chelsea Hotel changed ownership last weekend. Some pool players will play out the frame — but others say this is likely to be their last visit

Picture: KEVIN CARTER

Hillbrow's last white stronghold is no more

W\E Mail 7\9 - 13\9\90

(285) (288)

The last bastion of whites-only hotels in Hillbrow has fallen. Under new management, the Chelsea Hotel has opened up to all races — much to the dismay of the regulars.

By PHILIPPA GARSON

WHITE regulars amble about despondently, shaking their heads in disgust. Pool players sink balls without their usual gusto. Two newly installed television sets blare down on the unhappy scene.

The Chelsea Hotel, formerly a haunt of Hillbrow's white working class, pool players, jollers and hillbillies, has been sold to the owners of the Little Roseneath, a vibrant hotel similar in clientele to the renowned Quirenelle, a few streets away.

The Chelsea barmaid, devoid of her traditional bounce and sexy attire, no longer banters with her "regulars" in perfected bar lingo. She glares at the floor with a hang-dog expression. "This is heartbreaking, devastating. It's not what I wanted and I'm not planning to stay here," she says, gesturing at the foyer where a group of East London hawkers are streaming into the lifts, laden with wares, blankets and overnight baggage.

The new manager, grinning excitedly about his new-found patrons is tearing around trying to find out if Pep Stores is still open. He needs new blankets, lots of them. "Look at all these new customers. Isn't it great?" he says happily.

It's dusk and things are starting to happen. Dozens of people — frisked by slick new MarcAlex lookalike security guards — pour into the formerly quiet hotel.

Pupu Dlamini, a sales rep, strides in with: "I'm a happy man tonight. I've been living nearby for the past four years and I've been longing to come here, but I've never been allowed to. All the whites will move because of the new atmosphere. I feel bad for them but they must change their attitude." Though he lives around the corner he intends to book in for the weekend, just to celebrate the new development.

Hillbrow's last white stronghold is no longer. Since last weekend when the hotel changed ownership, the atmosphere has been charged with antagonism. All the signs of white angst are there. Most pool players say this is likely to be their last visit.

But grumpy and disgruntled, they keep coming back. Old habits die hard. Regular drinkers have moved to the Public Bar across the corridor. There they huddle, hoping the new clients will not discover the other drinking hole. Dlamini does though. He hurries out again in a fluster. "Go and speak to those people in there," he says. "You'll find out what the whites really think!"

"Kasie", a fitter and turner slumps over his drink in the Public Bar, moody and explosive: "This is unfair. Surely they can have one side white and one side black. Why give everything away? Look, I work with them daily, I can accept that. But that is their line and here is mine. I feel like getting on a plane and going ... gee, I feel so bitter."

John Meyer, now general manager of both the Little Roseneath and Chelsea hotels admits there has been resistance from white regulars reluctant to letting their last outpost go. "You know, there's been racist talk like 'This is the white man's area'. People

To PAGE 6

P.T.O

Hillbrow's last white stronghold falls

W/E Mail 7/9-13/9/90

288

From PAGE 4

have told me: 'This is our place and if blacks start coming we'll make sure they won't come back.'

"Blacks did come before but they were encouraged to sit on the verandah. We noticed they weren't really welcome.

"But you have to move with the times. How do you cater for a few whites when the whole place is going multi-racial?"

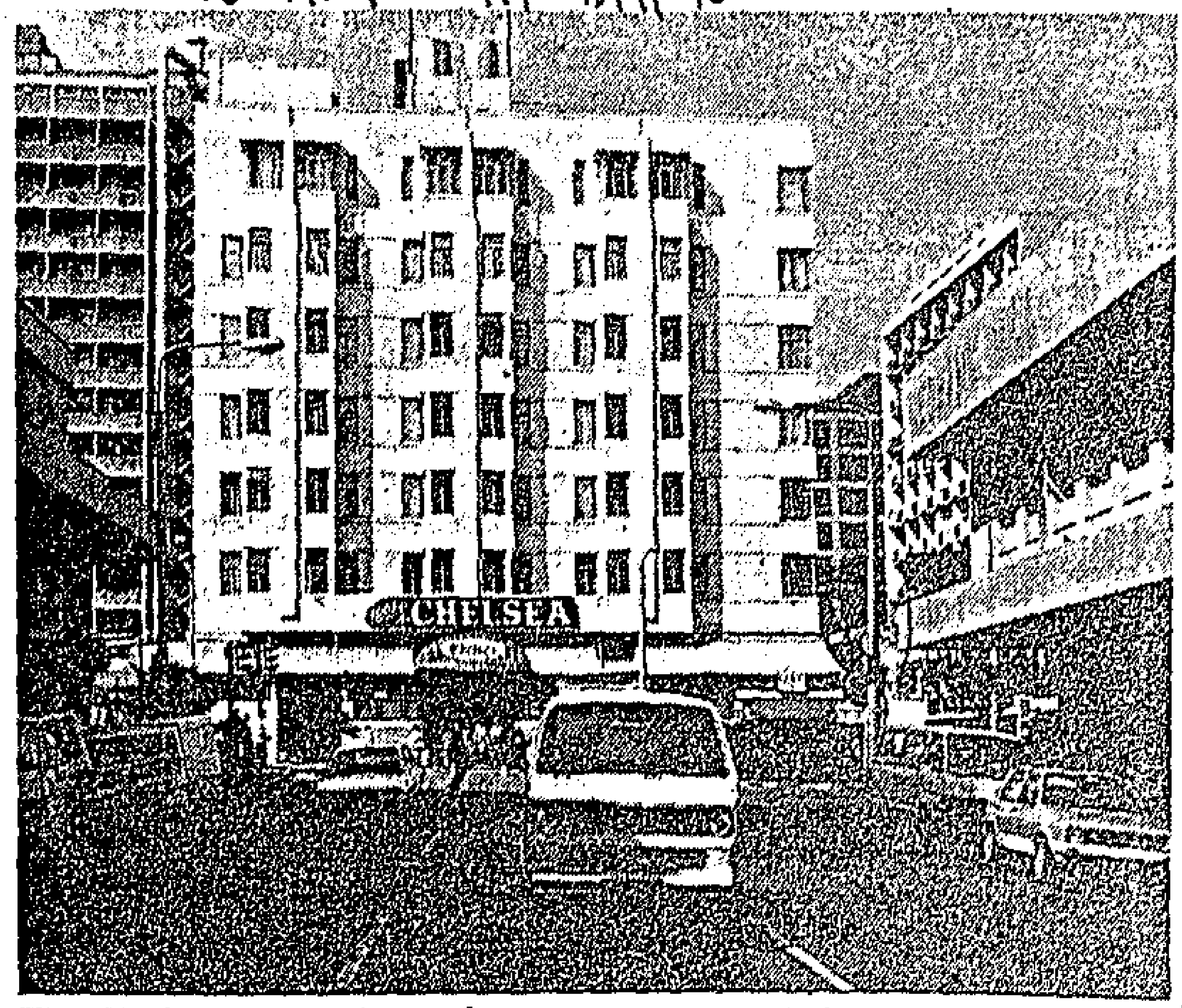
There's no money in pandering to the few, says Meyer, who envisages his new clientele will be predominantly black. He is frantically overseeing plans to create a new dance area and jazz up the gloomy old-fashioned hotel, which has for years catered mainly for residential customers.

Prostitution is a phenomenon plaguing Hillbrow's hotels, and while Meyer plans to stop any brazen soliciting which may occur on the steps of the hotel, little can be done to curb it, he says.

"If you're a hooker and you come and rent a room, how must I know you're a hooker?"

Anthony, the owner of a security firm who has patronised the hotel for the past seven years is on the way out. Nothing will stop him, he says, short of the arrival of a stunning white girl in a mini-skirt. Not for him the glamorous black nubiles likely to descend in droves on new territory.

"No ways. From now on I'll jol in the northern suburbs where I live. Not that I'm a racist. I just choose the better things in life."



The Chelsea Hotel ... opened to all races recently

Picture: KEVIN CARTER

Hillbrow's last white stronghold falls

W/E Mail 7/9-13/9/90

288

From PAGE 4

have told me: 'This is our place and if blacks start coming we'll make sure they won't come back.'

"Blacks did come before but they were encouraged to sit on the verandah. We noticed they weren't really welcome.

"But you have to move with the times. How do you cater for a few whites when the whole place is going multi-racial?"

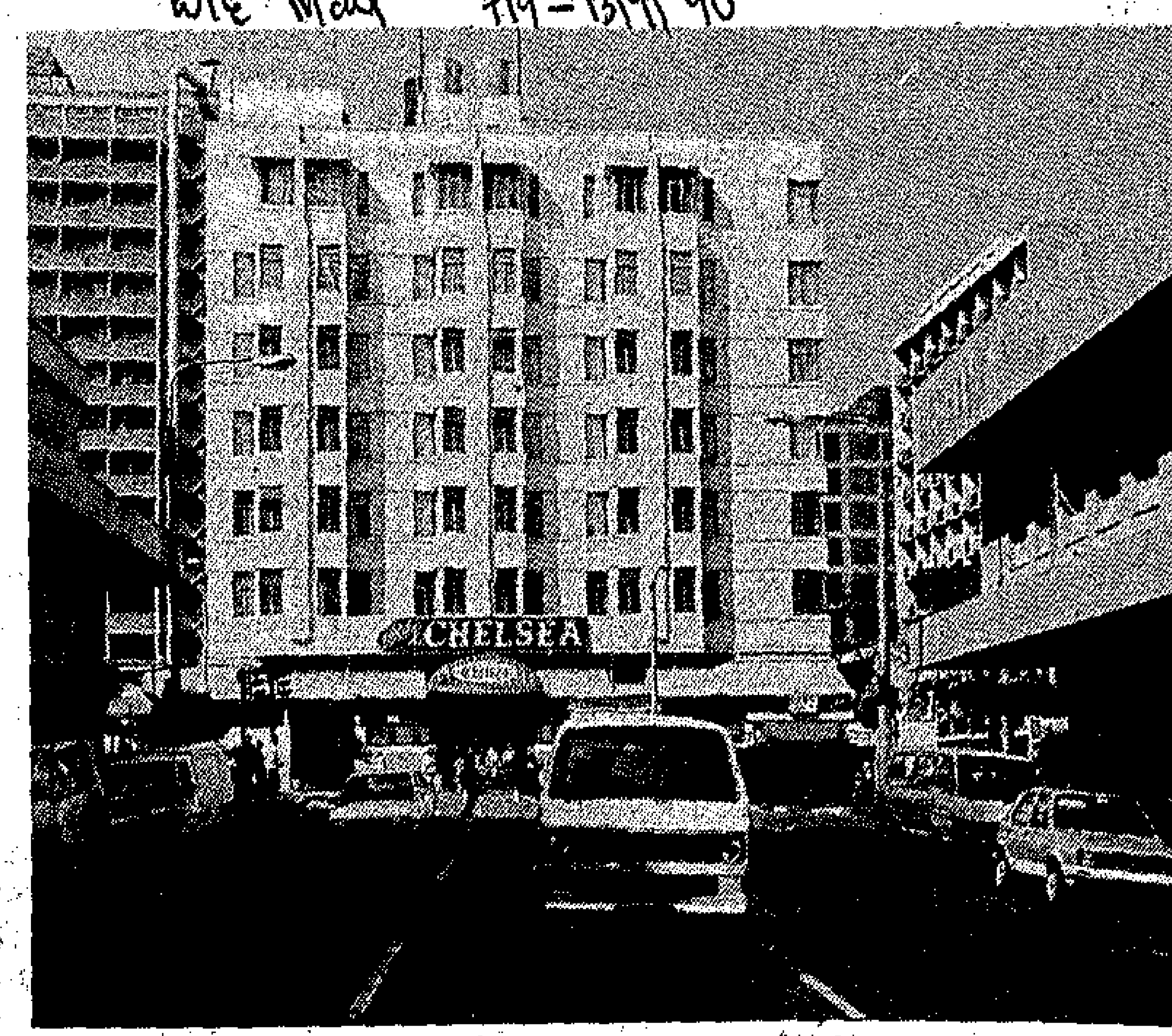
There's no money in pandering to the few, says Meyer, who envisages his new clientele will be predominantly black. He is frantically overseeing plans to create a new dance area and jazz up the gloomy old-fashioned hotel, which has for years catered mainly for residential customers.

Prostitution is a phenomenon plaguing Hillbrow's hotels, and while Meyer plans to stop any brazen soliciting which may occur on the steps of the hotel, little can be done to curb it, he says.

"If you're a hooker and you come and rent a room, how must I know you're a hooker?"

Anthony, the owner of a security firm who has patronised the hotel for the past seven years is on the way out. Nothing will stop him, he says, short of the arrival of a stunning white girl in a mini-skirt. Not for him the glamorous black nubiles likely to descend in droves on new territory.

"No ways. From now on I'll jol in the northern suburbs where I live. Not that I'm a racist. I just choose the better things in life."



The Chelsea Hotel ... opened to all races recently

Picture: KEVIN CARTER

TOURISM (288)

LOTS ON THE PLATE

If the Board of Trade & Industry gets its way, foreign tourists will envisage more than the Kruger National Park when they think of SA game parks.

A new report identifies conservation areas as the magnet that draws foreign visitors. It also proposes that the National Parks Board should be allowed to borrow R333m to fund an expansion programme.

This is in line with the board's own development blueprint which envisages raising the awareness of other parks to relieve pressure on Kruger and spread the visitors over a wider area. FM 7\9\90

The BTI says conservation areas are SA's unique selling point and the main reason why 90% of 237 000 foreign holidaymakers came last year. (An almost equal number of foreigners said holidaying was not the main reason for their visit but the BTI believes many used the tourist facilities.)

The Parks Board is concerned that tourists focus too heavily on Kruger because of its high international profile. It has limited facilities that are fast reaching saturation point. Unless the pool of equally attractive national parks and other conservation areas can be expanded and upgraded, a growing source of foreign exchange may be lost.

The report makes many other important recommendations. One is to replace the official hotel grading system with industry-regulated registration and grading.

Other proposals include: uniform road signs throughout the country; a single manpower training body for the sector; better co-ordination of school holidays to reduce strains on tourist facilities; review of regulations governing caravan parks, guest houses and bed-and-breakfast accommodation; and an "aggressive promotion, marketing and selling strategy" to encourage the 50% of local tourists who don't take leave during school holidays to take their holidays out of season.

The report also says the SA Tourism Board (Satour) should stop marketing in SA as soon as possible and that the private sector and local authorities should take over this function, as they now do in some areas in co-operation with Satour.

The report is one leg of a strategy to develop a master plan for tourism development. Its objective is to identify obstacles hindering foreign tourism.

The other key aspect is a Development Bank of Southern Africa and Satour investigation into the longer-term development of an adequate tourist infrastructure. Its report is due in November.

Satour will then consolidate the two reports and publish a document for industry comment after which, in collaboration with the Department of Trade & Industry and Tourism, it will draw up a White Paper and a Tourism Bill for submission to parliament, probably next year. ■

FEDICS CATERS FOR CHANGING TASTES

ST Times 9|9|90

By CHARMAIN NAIDOO

FEDICS has completed a decade of steady growth.

Profit of the food service company has risen 15 times, albeit from a small base in 1980. Group managing director David Wigley acknowledges that it is not a brilliant performance when inflation is taken into account.

Fedics has 550 contracts today after 190 in 1980. Turnover in the year to March was R195-million compared with 1989's R153-million.

A cautiously optimistic Mr Wigley expects turnover of R240-million in the current year. Having spent 10 years at the helm, he has noticed dramatic changes in the market.

Keen

"In 1980, Fedics was way ahead. The market then, as now, consisted of many owner-operators. There is no high-capital, high-technology entry level in an industry like ours," he says.

Several major companies have entered food service and competition is keen.

Mr Wigley came to SA from England to look after Southern Sun's city hotels. He left after working closely with Sol Kerzner for three years.

"I felt that with Sol, the chance to run my own company was not possible. My appointment to Fedics was fortunate because it was coming into its own," he says.

DAVID WIGLEY

288

Has he achieved the things he set out to do when he joined Fedics?

"You achieve some things, but do they last? Quality has been a catch phrase at Fedics where our motto is a happy and satisfied customer."

But customers' requirements have changed.

"Many of the high-street names in food today were not around then. People are eating out more and expect the same quality in staff canteens as they get in restaurants."

To keep up with changing trends and ensure high standards of quality and service, Fedics restructured late last year.

Mr Wigley says: "We decentralised. Individuals in the company are now mature enough to handle more responsibiltiy and authority.

"In the past, everything from decision making, personnel and marketing to accounts was handled from Johannesburg. Now we have a leaner head office for food services."

Mr Wigley says the major thrust this year is to look closely at opportunities in the food market.

la

Knitting

"Lots has been said about the contracting out of Government food services. It is possible that hospitals, schools, prisons and Spoornet will start using outside caterers — as SA Airways does."

Fedics has had the SAA account for five years.

"The adage, 'stick to your knitting', has become pertinent. Government departments are also considering sticking to their knitting.

"In an economic downturn, there is more chance for growth than in an upturn. People become more aware of costs and can better analyse them. We are concentrating on organic growth. We are an important part of the hospitality industry."

Fedics is not capital intensive and the food-service division has few overheads other than providing food and staff.

"Service-based businesses deal with food and drink, which means cash. Control is vital. A major challenge is motivating and training staff — the lifeblood of our industry."

Revamp for station

DURBAN'S historic old station building is to be turned into offices with nearly 4 000m² of A-grade space when a suitable tenant is found.

Anglo American Property Services (Ampros) development director Fred Bihl says the Victorian facade of the building, a Natal landmark, will be kept.

The property, acquired by Anglo American Properties recently, will be managed by Ampros.

Mr Bihl says a structure will be built behind the Victorian front to provide offices.

The building has not been used since the main station was moved to Umgeni Road several years ago.

ANOTHER FIRST ... Jeff Liebesman (centre) and Peninsula All Suite Hotel developers Joe Davidovitz (left) and Mervyn Basserabi Picture: TERRY SHEAN

Limitless luxury at showpiece

S/Times 9/9/90

(288)

By EVELYN HOLTZHAUSEN

FOREIGN investors convinced that South Africa is on the brink of a tourist boom have bought accommodation worth several million rands in a luxury hotel in Cape Town.

"We welcome foreign guests," says Jeff Liebesman, chairman of W&A Investment Corporation — one of the main backers of the Peninsula All Suite Hotel.

The hotel was opened this week by Privatisation and Public Enterprise Minister Dawie de Villiers.

Mr Liebesman, whose company was voted Sunday Times Top Company in 1989, and which has a 24% stake in the Peninsula, says the hotel is the first investment by the Transvaal-based consortium in property on Sea Point's Golden Mile.

Investment in the 110-suite hotel complex "is tangible demonstration of our commitment to our country and our faith in its future", says Mr Liebesman.

One of the project's consultants, Joe Davidovitz, says careful research and an absolute belief in Cape Town led to building of the Peninsula.

The Peninsula, developed from the shell of the old Albinor apartment hotel on a prime site, is owned by the All Suite Hotel group. It also owns the Centurion in Sea Point.

Each suite has its own spa bath and catering facilities, supplemented by a coffee shop and restaurant offering 24-hour room service. All suites have sea views and range in price from R7 100 for low season to R82 500 for a penthouse in high season.

S Times 9/9/90

RCI spawns giant tour group

By IAN SMITH

A NEW force has emerged in South Africa's travel business.

Odyssey Group, which is expected to have a turnover of R55-million in its first year, has grown out of RCI, the SA arm of the worldwide holiday exchange organisation.

The group has bought independent travel company Williamsworld and corporate travel specialists Travel Experts.

Milestone

The restructing with RCI's own diversified operations has created a strong, fast-growing group which is placed to expand geographically and into other sectors of the market, says group managing director Bruce Ravenhill.

Mr Ravenhill says: "It has been our strategy in the past five years to expand the core business of RCI from timeshare exchange alone into travel and related activities.

"The formation of Odyssey Group is an important milestone in our growth."

Group subsidiaries are:

□ Wholly-owned RCI, with former operations director Stephen Griessel as managing director;

□ Travelink, which is 65% owned, incorporates the R25-million-a-year Williamsworld and Iata agency Travel Experts. Discount travel pioneer Bob Williams, who holds 30% of Travelink, will head the operation;

□ Leisure Computer Corporation (60% owned) sells computerised resort reservation and management systems. It is run by Wayne Kruger; and

□ Platinum Publications (76% owned), publisher of leisure magazines Endless Vacation and Holiday Inns Traveller as well as specialist trade publications. Sandra Gordon is managing director.

Mr Ravenhill, who joined RCI in 1985 and three months later negotiated a licence deal with the US-based parent, says the acquisitions and reorganisation have strengthened the group.

RCI has an SA timeshare membership of 82 000 families, projected to grow to 90 000 by the end of the year. Its travel club, Endless Vacation Travel, will turn over about R8-million this year and is said to be one of the fastest-growing travel companies.

This will boost Travelink operations and open a new marketing arena.

RCI members will benefit from Williamsworld preferential rates, including discount airfares and theatre tickets.

"Everthing fits together so well that I see this as a clasic win-win situation," says Mr Ravenhill.

"We can consolidate our buying power and combine complementary resources in the form of people, expertise and technology."

288

Disney

He says internationally timeshare has become a more significant element in the travel business with the entry of heavyweights like Disney and Hilton hotels.

All the companies have a strong technology base, says Mr Williams, who was the first SA travel operator to be given Reserve Bank permission to import discounted air tickets.

Sowetan Business

Stokvels to formulate strategies

Sowetan 10/9/90

288

MEMBERS of the R52-billion-a-month stokvel informal savings industry are to hold a series of meetings where they will formulate strategies and make recommendations to the Liquor Board regarding selling liquor without police harassment.

By JOSHUA RABOROKO

This follows a decision made at the first meeting between the chairman of the Liquor Board, Mr Tommy Vorster, and a delegation from the National Stokvel Association of South Africa (Nasasa) in Pretoria last week.

Nasasa president Mr Andrew Lukhele said that the board had promised to look into their problems of selling liquor when a member got his turn.

Shebeens

They were optimistic that some provision would be made to accommodate them.

He added that the stokvels did not operate like shebeens and, as such, needed some form of concession to allow them to sell liquor during their meetings, usually held at weekends.

"We need imput from our members before we present our recommendations to the authorities.

"Stokvel members are being harassed and their liquor confiscated during raids by police," Lukhele said.

Vorster confirmed that the meeting took place between the parties. He said that the board had proposed to stokvel members to present recommendations which would be considered by the board.

He conceded that there was no provison made for the stokvel members to sell liquor, but the board had asked them to discuss their problems with their members and to make recommendations.

He did not rule out the possibility that the stokvels would be given concessions, but said that they would have to abide by certain rules.

Hands

A Markinor survey has estimated that about R52-billion changes hands every month among stokvel members in the metropolitan areas.

In July, Nasasa received an undetaking from the Finance Minister's economic adviser, Mr Japie Jacobs, that major imput would be sought from the informal sector before the finalisation of the new Depositing Institutions Act.

Cape tourism boosted by R50m hotel

TOURISM, one of the fastest-growing sectors in the Cape, has been boosted by the recent opening of the R50m Peninsula All-Suite Hotel in Sea Point.

Leisure Options, which is marketing the Peninsula's timeshare suites, reports the units are being bought by visitors from Johannesburg and overseas.

In nine months, about R24m of timeshare has been sold of the available R80m. Major investor FSI should make a good return on the investment, not including the profits on the hotel's facilities.

The hotel offers 112 suites for timeshare sales. They vary in price from R7 000 to R80 000 depending on the size and season. Levies are between R390 and R660 a week a year for staff salaries, electricity bills, rates and taxes.

A spokesman from Leisure Options said all suites at R80 000 — the price relates to top suites over the Christmas season — have been sold. (288)

Suites range from three bedrooms to studios. The kitchens are fully equipped and include microwave ovens. Each has a jacuzzi in the main bathroom and a patio overlooking the sea.

Timeshare owners have the use of all the hotel's facilities amenities, including a swimming pool, gym and squash courts.

Unfortunately, on the night of the official opening last week, service did not quite match up to the five-star facilities.

In summer, the hotel provides a ferry service to Clifton beach.

Mineral and Energy Affairs and Public Enterprises Minister Dawie de Villiers said at the opening that a recent study by Stellenbosch University's Marius Leibold showed foreign visitors to the Western Cape increased by 24% to 263 000 in 1989 compared with the previous year.

The number of domestic holidaymakers rose 20% to 600 000 in the same period. The total benefit to the Cape from this source was R610m.

Pichold, Cape liquor firms issue cautionaries on talks

BD 10 OCT 1990 (288)

MARCIA KLEIN

CAPE-BASED Picardi Holdings (Pichold), Union Wine and Drop-Inn have issued cautionary announcements to shareholders that negotiations are in progress which could affect the price of their shares.

This is the second cautionary announcement by Drop-Inn in the past month, but analysts believe the cautionaries — involving, as they do, two Cape-based liquor businesses — must be linked. However, they could not confirm what the connection would involve.

An analyst speculated that Pichold subsidiary Union Wine — which is fairly liquid — may want to sell off some assets to Drop-Inn rather than be involved in any acquisition.

It was reported in the Financial Mail in June that Drop-Inn was planning to increase the number of stores it managed after the lifting of restrictions on vertical integration. In terms of the same legislation, Union Wine would have to sell its bottlestores over the next decade.

Debt

However, another analyst says there could be a takeover by Union Wine of Drop-Inn, although neither company is in a strong position to make acquisitions.

Drop-Inn's shares were suspended from the board in October last year, and the group was rumoured to be looking for a buyer. However, buyout talks ended with the resignation of four top Drop-Inn executives, who proceeded to buy 50% of Union Wine subsidiary Picotel.

Theft problems at Drop-Inn's Benny Goldberg subsidiary saw earnings drop 23% to 6,1c a share in the year to end-February.

There was also speculation in June that Pichold would delist Union Wine — of which it has a 90% holding — by making an offer to the 10% minority shareholding. Union Wine posted a loss of 5,6c (5,4c earnings) for the six months to December.

Pichold, Cape liquor firms issue cautionaries on talks

BD 10/9/90 288

MARCIA KLEIN

CAPE-BASED Picardi Holdings (Pichold), Union Wine and Drop-Inn have issued cautionary announcements to shareholders that negotiations are in progress which could affect the price of their shares.

This is the second cautionary announcement by Drop-Inn in the past month, but analysts believe the cautionaries — involving, as they do, two Cape-based liquor businesses — must be linked. However, they could not confirm what the connection would involve.

An analyst speculated that Pichold subsidiary Union Wine — which is fairly illiquid — may want to sell off some assets to Drop-Inn rather than be involved in any acquisition.

It was reported in the Financial Mail in June that Drop-Inn was planning to increase the number of stores it managed after the lifting of restrictions on vertical integration. In terms of the same legislation, Union Wine would have to sell its bottlestores over the next decade.

Debt

However, another analyst says there could be a takeover by Union Wine of Drop-Inn, although neither company is in a strong position to make acquisitions.

Drop-Inn's shares were suspended from the board in October last year, and the group was rumoured to be looking for a buyer. However, buyout talks ended with the resignation of four top Drop-Inn executives, who proceeded to buy 50% of Union Wine subsidiary Picotel.

Theft problems at Drop-Inn's Benny Goldberg subsidiary saw earnings drop 23% to 6,1c a share in the year to end-February.

There was also speculation in June that Pichold would delist Union Wine — of which it has a 90% holding — by making an offer to the 10% minority shareholding. Union Wine posted a loss of 5,6c (5,4c earnings) for the six months to December.

1990

FINANCE

Sol Kerzner and SA in big Comores hotel 'coup'

288

B Day 12/9/90

BRENT MELVILLE

HOTEL magnate Sol Kerzner's latest manoeuvre into the Comores reflects the irrepressible nature of a man whose reign as SA's "Sun King" appears far from over.

The move gives Kerzner, 55, rated by an international magazine several years ago as one of the top 15 hoteliers in the world, control of two defunct hotels with a net worth estimated by hotel sources at roughly three times what he will effectively be paying.

The deal is sweetened by the apparent eagerness of the new government of the former French archipelago to regain the international tourist appeal it lost following the assassination of former President Ahmed Abdallah last year.

Kerzner has in effect pulled off a minor coup. Through his British and Virgin Island-registered company World Leisure Management (WLM), and abetted by SA taxpayers' money redirected by the Department of Foreign Affairs in the form of a loan, Kerzner has taken control of the prestige Itsandra and Galawa hotels on the Comores.

Sun International (SI) has been on the island for two years but, based on the political instability on the island and citing "outrageous" import taxes, SI's parent group Kersaf made the decision this May to walk away from its R30m investment, although an undisclosed but marginal amount was recouped by selling Kerzner the existing furnishings for the hotels, originally price-tagged at R15m.

WLM's new Comorian deal involves a loan agreement between the SA goverment and WLM — the terms of which involves the channelling of R5m into WLM.

Foreign Affairs deputy director Rusty Evans says the money represents the amount not yet written down of R20m bridging finance supplied as part of a R32m loan made by the Industrial Development Corporation (IDC) to Novelle Socotel, the government-controlled holding company for the two hotels.

KERZNER

WLM also has a new lease agreement with the Comorian government controlled holding company for the hotels, Novelle Socotel and another with the Comorian government relating to conditions of operation.

Regulatory code for timeshare salesmen

MARIETTE DU PLESSIS (288)

THE SA Property Owners' Association (Sapoa) had adopted measures for better discipline and control within the industry, timeshare division chairman Brian Stocks said.

Certain regulatory measures, such as the recent introduction of the diploma in timeshare-sales principles, were deemed essential to upgrade the standard of expertise and professionalism of timeshare salesmen.

In addition to the diploma — which would qualify salesmen to sell timeshare on behalf of any member of the timeshare division — salesmen employed by members of the division were required to register with the association. B 1094 12|9|90

Salesmen operating as agents or brokers and employees of organisations who develop and sell their own timeshare must have passed either the Estate Agents Board examination, or the association's examination to qualify for registration.

"In future, members of the public who are interested in buying timeshare will be able to insist on dealing only with salespeople who are specifically qualified to sell timeshare," Stocks said.

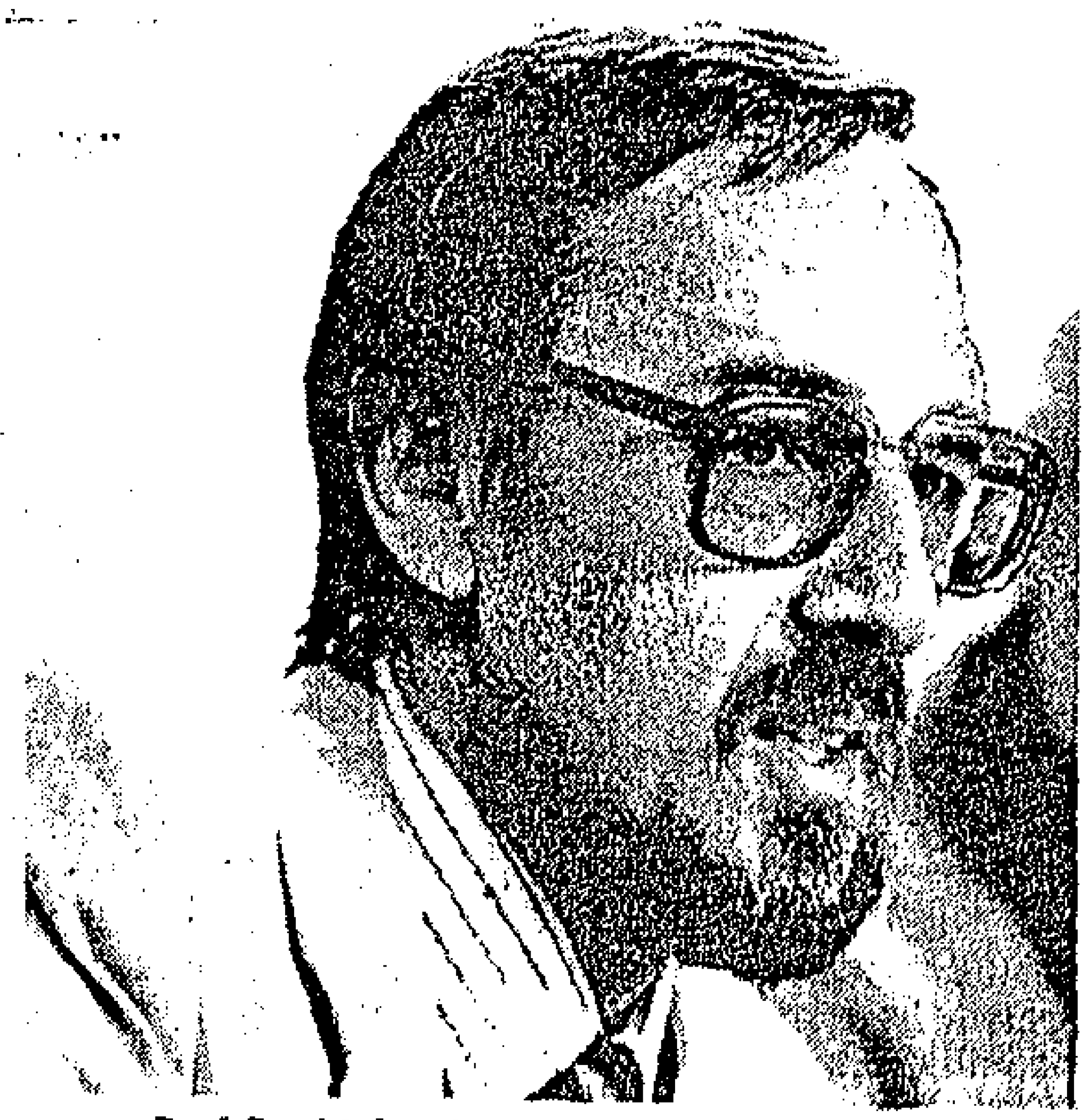
The diploma, of which the first examination had already taken place, was developed by the association in conjunction with Wits University's Department of Building and the Human Sciences Research Council, he said.

Commenting on the latest Sapoa rulings, Riviera project developer Rodney Epstein said: "The stage has now been reached where, if an organisation is not affiliated to the association, buyers will want to know why."

The association's timesharing members were carefully vetted for both financial strength and standards — and if an organisation could not meet their demands it was likely to be suspect.

The association would print brochures and run television and Press adverts stressing the advantages of a timeshare developer being an association member.

These notices would also summarise the association's code of ethics and warn timeshare buyers of loopholes they should beware of before signing for a purchase, Epstein said.



Prof David Stephenson of Wits University.

More foreign interest in Cape — Wesgro

B Day 12/9/90

FOREIGN interest in investing in the Cape had risen noticeably in the last six months, Wesgro executive director David Bridgman said earlier this week.

Wesgro is a Section 21 company formed with the objective of promoting growth in the Western Cape. It is supported by local municipalities and businesses.

Bridgman said comprehensive figures on the amount of investment coming into the Cape were not available. The only way Wesgro picked up foreign interest in the Cape was through inquiries.

Moreover, Johannesburg investors had their own advisers and only some would come to Wesgro.

In June, Wesgro received 22 inquiries from inside SA and four from abroad. In July, 15 local inquiries and eight from foreign countries were received.

"We have found a tremendous increase in the number of foreign investors considering the Cape over the last six months. The Cape has four main growth areas: export-related products, technology or skills-based products, tourism and its own population growth," he said.

New hotel

A primary area of demand was in buying retirement and holiday homes in the Cape, making it a strong property market. Because of this Wesgro had an active building programme.

Cape Town is to see a second new hotel opening towards the end of the year in the V & A Waterfront development, a 10-year building project which is to include restaurants, boutiques and exhibition facilities.

The Cape Town city planner announced that commercial buildings totalling R1,6bn had been completed in the last two years and a further R540m was under construction.

Central Statistical Service figures show that out of R5,3bn invested in completed buildings in 1989 countrywide, the Cape province accounted for R1,3bn compared to R2,9bn in the Transvaal, R819m in Natal and R260m in the Free State.

Non-residential buildings completed in the Cape accounted for R207m of the R1,3bn and residential buildings completed amounted to R786m of a total of R2,7bn.

(288) Star 13/9/90

The Peninsula — Sea Point's newest timeshare and hotel facility.

Transvaal stake in Cape development

By Frank Jeans

Big business from the Transvaal has taken a stride into Cape property development with the opening of the R50 million Peninsula All-Suite Hotel on the seafront at Sea Point.

Opened by Dr Dawie de Villiers, Minister of Mineral and Energy Affairs, who termed it "the most expensive luxury accommodation project to date in Cape Town," the hotel and timeshare operation has already topped timeshare sales with a total value of R20 million.

The new resort, which was converted from the Albinor apartment block, has 110 suites, pool terrace, health centre, pool and conference facilities.

The Peninsula development is by a Transvaal consortium.

Alan Schlesinger, group operations director of W A Investment Corporation, which has a 24 percent stake, says: "Until now, Sea Point front development has been the preserve of Cape financiers and institutions.

"While we are not long-term property investors as a rule, the prospect of involvement in a prime Sea Point development with a strong entrepreneurial flavour, was an opportunity not to be missed."

Referring to a survey on the Cape as an international holiday destination, Dr de Villiers, said a survey showed that the number of foreign visitors to the Western Cape rose by 24 percent in 1989 to 263 000 and there was a 20 percent rise in domestic holiday makers to 600 000.

"Of the foreign visitors, 53 percent stayed with relatives and friends, while 25 percent booked into hotels and 12 percent in timeshare and other resorts.

"The remaining 10 percent used holiday apartments or went camping and caravanning.

"These figures show that the hotel and timeshare industries have scope to improve their share of the holiday business."

Places nets resorts with development value of R100m

Bday 14/9/90 (288)

BRENT MELVILLE

PLACES, an independent arm of the Protea Hotel group, has netted twelve major resorts with a total development value of more than R100m in its first two months of existence.

"The company's objective is to have 30 resorts under its wing by December and 50 by the end of its June financial year end," MD Jacques Osse said.

The new company, which would utilise Protea's centralised reservation system, was developed to capitalise on the rapidly growing overseas trend towards self-catering accommodation, Osse said.

Place's first Johannesburg contract, the recently completed luxury share block The Courtyard in Rivonia, was the jewel in the company's crown.

Marketing manager André Steyn said the aim of Places was to provide professionally run self-catering accommodation.

This was because of a wordwide shortage of hotel facilities.

Osse said resorts, timeshare blocks and sectional-title projects aimed at attracting a self-catering clientele, would form part of a national grid of guaranteed accommodation.

FM 14/9/90 (288)

Activities: *Franchises the Hard Rock and Spur Steak House restaurant chains.*
Control: *Spur Holdings 45%; Directors 37%.*
Chairman: *A J Ambor; MD: G Topat.*
Capital structure: *15,8m ords. Market capitalisation: R19m.*
Share market: *Price: 120c. Yields: 10,6% on dividend; 12,3% on earnings; p:e ratio, 8,1; cover, 1,2. 12-month high, 125c; low, 85c. Trading volume last quarter, 1,35m shares.*

Year to Feb 28	'87	'88	'89	'90
ST debt (R000)	21	10	177	577
LT debt (R000)	24	87	1 160	721
Debt:equity ratio	nil	nil	0,08	0,09
Shareholders' interest	0,82	0,79	0,67	0,63
Int & leasing cover	n/a	n/a	n/a	66,2
Return on cap (%)	23,0	32,5	34,3	46,7
Turnover (Rm)	3,6	5,7	8,8	13,4
Pre-int profit (Rm)	1,4	2,2	3,1	4,6
Pre-int margin (%)	39	39	35	34
Earnings (c)	5,6	9,0	11,0	14,8
Dividends (c)	5,5	9	11	12,75
Net worth (c)	34	36	37	39

SPUR STEAK RANCHES (288)

CHANGING TACK

FM 14/9/90

It was an intriguing year for both Ranches and its holding company, Spur Holdings. Ranches opened another eight franchised outlets (less than the targeted 15), bringing the total to 88 and recorded turnover and profit growth well ahead of inflation. However, whereas at the time of the listing we were told there was no need to retain funds to finance expansion, chairman Allen Ambor now says a more conservative dividend policy will enable planned organic growth to be financed without recourse to borrowings.

Development of the Ranch Style chicken/burger fast food franchise, under way for a couple of years, has been "concluded and is in a consolidation phase pending future expansion." Ambor tells me this means a few outlets have been opened, but he feels the group's strength is in the "sit-down" area. Here, a new franchise is "in an advanced stage of development" which should see the first outlet opening in November.

Efforts to develop exports continue. Ambor hopes for sales of catering equipment to Europe to build up in calendar 1991. He expects the 100th Spur outlet to open during the 1992 financial year and is heartened that more Hard Rocks are being opened (four planned in the next six months).

Ambor says 1990 pre-tax profits and dividends should be "well exceeded" this year.

Holdings, which a year ago decided to cut back on direct restaurant activities, has changed tack again and now plans to take up equity in successful existing or promising new outlets. It, too, will adopt a more conservative dividend policy to finance this. Ambor says the difference is that this time round it will only go into partnership with proven operators, not take majority positions.

Last year, though, the main investment was not in this area, but on another 837 000 Ranches shares for R786 000, pushing borrowings up by R816 000. As Ranches is now 120c, it's showing a good profit. For Holdings, Ambor expects "substantial" growth in earnings and dividends in 1991 and beyond.

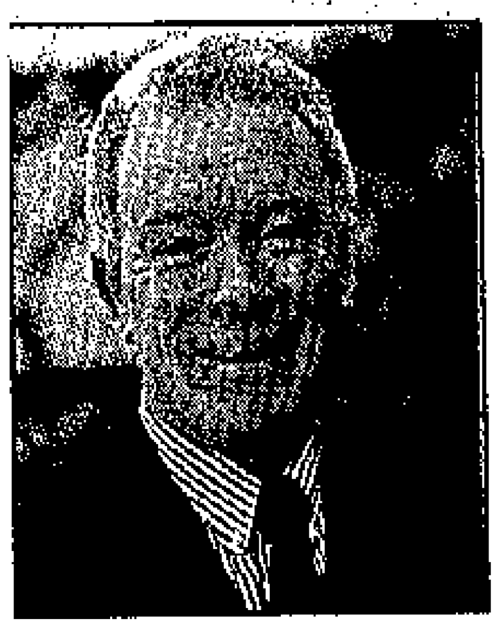
Both shares are close to the post-1987 Crash highs, but offer yields that do not appreciate the excellent record. Maybe investors are doubtful about the industry's ability to withstand recession — plus, perhaps, reservations about changes in policies and continuing spending on new ventures with as yet little return. Maybe greater understanding of how the group operates would contribute to a rerating that on the face of it seems deserved.

Michael Coulson

LESSONS TO LEARN ON TOURISM

288

FM 14/9/90



Noel de Villiers is a tourism consultant in Cape Town and vice-chairman of the SA Tourism Board (Satour).

For years, SA's tourism potential was wounded by politics. But now, as the international impression of the country improves daily, the rapidly healing tourism sector is emerging with a vengeance.

Perhaps tourism's stunted growth here was a good thing. While apartheid kept dunking tourism's head under water in this country, much of the rest of the world raked in billions from the tourism phenomenon of the last two decades. But many countries now are realising that they pay a heavy price for their popularity. Examples are endless: the throngs that threaten to sink Venice, the shutdown of prehistoric caves in France because the primitive drawings are being ruined, the endless high-rises along the Florida coastline that wreck the ecology.

Countries got swept up in tourism without defining objectives or outlining a vision of what they wanted to achieve. Developments were built haphazardly. Co-ordination was poor. All the time, more and more aircraft with bigger and bigger bellies were disgorging vast numbers of tourism consumers into fragile cultural environments that had taken thousands of years to evolve.

As SA tourism shifts into a higher gear, we must be guided by the experience of other countries. The resources that draw tourists here — the beaches, the game reserves, the fabulous vistas — are extremely sensitive and must be treated with a great deal more care even now, let alone if they become a worldwide attraction. SA can become a worldwide attraction, and properly managed, that could be worth far more than all the gold the country has ever produced.

SA is now developing a strategy for tourism. The first step was a report last month by the Department of Trade & Industry that identified immediate obstacles hindering foreign tourism (*Business* September 7). The next step is a Satour and Development Bank of Southern Africa study of the country's longer-term infrastructure needs for tourism. That report is due in November.

Much needs to be done, and quickly, if the fruits of tourism are to be harvested. In addition to adopting a plan for tourism, SA must develop accurate statistics to measure tourism. Without good statistics, tourism will almost certainly be underestimated.

Worldwide, it's hard to underestimate tourism. A recent study for American Express found that "travel and tourism is the largest industry in the world in terms of employment and ranks in the top two or three industries in almost every country."

Tourism often creates jobs in places that have few other means of support. In Calvinia, tucked up in the northwestern Cape, a woman has just paid off the last instalment on a R10 000 Small Business Development Corp loan that she used to start a small crafts shop 18 months ago. Her stock is supplied by 72 artisans from the area, many crafting items that can't be found in the cities.

Tourism as a commercial activity is unmatched for the way it crashes through or simply ignores discriminatory barriers. In this business, old and young, skilled and unskilled, male and female can all find a niche. It straddles many activities, from transport through food to finery, thereby defying its description as an industry.

At the same time it embraces a vast range of concepts, even if some appear to be contradictory. As was said recently regarding tourism's reliance on the environment and the danger imposed on the environment by poverty, "Poverty is a threat to tourism that tourism itself can solve."

American attitude to sanctions softening

288 18/9/90

By Derek Tommey

The Sheraton Hotel group has earned a place for itself in South Africa's economic history.

In what appears to be confident anticipation that US sanctions will shortly be lifted, it has opened an office in Johannesburg to handle sales and reservations.

This is a milestone event as it makes the Sheraton group, as far as it is known, the first American organisation to come to South Africa since the US Congress passed the 1986 Comprehensive Anti-Apartheid Act (CAAA) and imposed stringent sanctions on business dealings with South Africa.

Until now the traffic has always been in the other direction — out of South Africa.

Mike Prager, Sheraton's director of marketing for Africa and the Indian Ocean, says the new service demonstrates the importance Sheraton places on South Africa and Africa's growing economic significance.

Sheraton operates 500 hotels in 64 countries and has nine hotels in sub-Saharan Africa and on Indian Ocean islands.

But Sheraton will have to hold back on building hotels in South Africa while Washington's sanctions remain in force, says a company official.

How much longer will Sheraton have to wait before this happens?

It may not be long, says Wayne Mitchell, executive director of the American Chamber of Commerce in South Africa.

He believes South Africa will have complied with all of the preconditions required for the lifting of the CAAA by early next year.

The US government will then be in a position to ask Congress to repeal the Act.

Mr Mitchell says there has been a marked increase in the number of American businessmen visiting South Africa recently.

Examining prospects

Most were from companies which had not operated in South Africa. Those companies which had pulled out had shown no desire to return.

The visitors were mainly interested in examining prospects for starting manufacturing projects to serve South Africa and the sub-continent.

However, unrest and violence have tended to reduce their enthusiasm for investing, says Mr Mitchell.

But some said they might return when conditions were more peaceful.

Mr Mitchell warns that lifting sanctions would not automatically lead to a huge inflow of foreign investment capital.

South Africa is facing strong competition from Eastern Europe, which industrialists believe has a promising and peaceful future, he says.

Suggestions have been made that the visit by State President FW de Klerk to the US next week might lead to South Africa gaining renewed access to the IMF and the World Bank.

But Finance Ministry officials in Pretoria do not think this likely.

South Africa has two barriers to overcome before this can happen, they say.

One is the Bretton Woods Amendment Act, which prevents the American director on the IMF board from approving IMF loans to any country supporting apartheid or communism.

But even if South Africa were to surmount this hurdle, it would still face the barrier put up by the CAAA, which prohibits American citizens from voting on or approving any loans to South Africa — effectively blocking access by South Africa to the two institutions.

However, to some extent the question of IMF and World Bank loans to South Africa is academic.

South Africa is running a fairly large balance of payments surplus and therefore has no need for IMF funds, Finance Ministry officials says.

Since South Africa is classified as a developed country, it is not entitled to soft loans from the World Bank.

In any event, it seems the World Bank believes that in normal circumstances South Africa is quite capable of obtaining all the loans it needs from commercial sources.

But renewed access by South Africa to the IMF would have one important benefit, officials say.

Foreign confidence

It would increase foreign confidence in South Africa's ability to maintain the external value of the rand and could encourage investment.

The Chamber of Mines has recently been telling the British House of Commons Foreign Affairs Committee that economic sanctions have cost South Africa R40 billion.

Based on a population of 30 million, this works out at a loss of R1 300 in goods or cash for every man, woman and child living in this country.

The chamber says in its latest newsletter tht although the influence of sanctions should not be over-emphasised, they have had economic and political consequences.

R25m loan to restore Polana's splendour

288

SYLVIA DU PLESSIS

STANDARD Merchant Bank (SMB) yesterday signed a R25,5m loan agreement with a Mozambican-based company in terms of which Maputo's legendary Polana Hotel will be restored to its former splendour.

The money, underwritten by Credit Guarantee Insurance Corporation and provided at a special capital exporters' interest rate of 9%, will be advanced to Hoteis Polana Limitada (HPL), in which SA hotel group Karos and the People's Republic of Mozambique are major shareholders.

The project is believed to be the biggest of its kind in Mozambique to be funded from SA since Mozambique's independence.

B/Day 18/7/90

SMB MD Pieter Prinsloo, at a ceremony to mark the signing of the agreement in Johannesburg, said the loan was unusual in that it provided for booking payments made to the hotel to be used for repayment of the 10-year loan.

Karos joint MD and HPL chairman Stan Hoffmann, whose family and Mozambican partners owned the 65-year-old hotel before it was nationalised in 1975, said current occupancy averaged 76%, with guests being mainly international travellers.

His group had secured the hotel's management contract with effect from May 1.

"We're very excited about the project and believe we can restore the Polana to its former glory and place it among the leading hotels in Africa," he said.

The R30m upgrading programme includes reconfiguration of the Polana's 256 existing rooms into 200, provision of a conference centre and replacement of the building's roof.

Cape Times
A TIMES MEDIA PUBLICATION
BEST DAILY NEWSPAPER 1987 AND 1988
FOUNDED 1876 ☎ 208 4911 TUESDAY, SEPTEMBER 26, 1989 50c (44c plus 6c GST) (Country price: 60c — 53c + 7c GST)

Tourist fever

Cape Times 26/9/89 288

Hotels, tour operators predict bumper season for city

Staff Reporter

SPRING tourist fever has hit the Peninsula, with tour operators reporting a 20% increase in trade and hotel occupancies up by at least five per cent on this time last year — four days ahead of the Transvaal school holidays.

With the Peninsula and environs taking 36% of the national local summer tourism market and 43,9% of the overseas market from January to March this year, prospects this spring are at an all-time high.

The marketing manager of a major local tour company, Mr Richard Gebhardt, said his figures were 23% up on the equivalent April-September period last year.

Local hotel general manager Mr Bruce Humphreys said unrest predictions for the September 6 election had caused a "slight downturn" in occupancies at the time. However, this had rebounded to an overall 5% increase in the remaining weeks.

He expected his September occupancy of 75% to be slightly down this year as the Jewish New Year (Rosh Hashana) falls on this Friday.

Other hotels canvassed showed occupancy rises from 52% to 59% (Woodstock) and 63% to 67% (Newlands).

While hotel chain spokesmen attributed occupancy rises to special seven-day package deals, including flight tickets and bed and breakfast, most agreed that Captour initiatives had begun to pay off.

Mr Nick Seewer, general manager of a prestigious Cape Town hotel whose occupancy rates were up by "5-10%", said that the Captour "Green Season" promotions to increase winter tourism had eaten into the Durban market.

"I also think we can do a lot more by including Cape Town in the winter package tours of the Kruger Park, Eastern Transvaal and Namibia," he said.

A spokesman for Satour said a Satour study had shown that 71% of South Africans liked to visit new destinations every year.

Mr Humphreys said the devastating Natal floods of December 1987 had been a turning point for Cape Town, as thousands more people had discovered the Peninsula.

● Tourists from as far afield as Kroonstad and Nelspruit took to the hills — or rather the Kamiesberg mountains — to seek out the best of Namaqualand's flowers at the weekend.

Although patches of purple, orange, yellow and blue are still to be seen on the plains, they are beginning to fade and the mountains are now the repositories of Namaqualand's floral riches.

Recently returned travellers advise late-comers to turn off the national road near Garies, then travel roughly northwards and come off the mountain again by way of the Kamiesberg pass.

SUMMER'S A TAN AWAY . . . A Clifton boulder was the perfect sunspot for 14-year-old Kim Wyngaardt, of Goodwood, who yesterday joined numerous sun-worshippers on the picturesque beach.

SHERATON HOTELS FM 21/9/90 288

TESTING THE WATER

The US Sheraton hotel group is eyeing the lucrative SA market. It now has investments in Swaziland and Botswana, but says it won't enter the local market until US sanctions against SA go.

The group already operates nine hotels in sub-Saharan Africa, including a new hotel in Botswana, two under construction in Swaziland and one being built in Mauritius. "But the sentiment to enter the SA market is still academic at this stage," says Mike Prager, vice-president and marketing director for the Africa and Indian Ocean division. "We have to wait until the US Congress lifts its restrictions on new investments in SA."

That hasn't stopped Sheraton selling into the local market, though. It has appointed American Airlines' Johannesburg office as its SA sales representative. The tie-up enables Sheraton to interface its computer system with American's *Sabre* reservation system, which is capable of handling up to 3 000 transactions a second.

The reason for the heightened profile, says Prager, is that SA is the region's economic locomotive and there's a lot of goodwill in the country towards Sheraton. Most of the sup-

FM 21/9/90 (288)

port for the regional Sheraton hotels in Gaborone and Harare comes from SA nationals.

Longer-term, Sheraton is readying itself to benefit, by direct investment, in the tourism boom which is expected to hit SA once the country's political problems are behind it.

But if it does decide to invest, it will have to fight hard for market share. The hotel group operates in the top end of the market and SA is already well-served in this area by groups such as Southern Sun, Protea, Sun International and the independent chains.

Nevertheless, its eventual entry would put SA firmly on the map for US travel agents wishing to offer their American clients a southern African tourist package. The group's enormous international clout and prestige would give it a decided marketing advantage in the US. ■

Hotel occupancy rates fell, CSS survey shows

BDay 21/9/90 PETER GALLI (288)

THERE was an overall decrease in room and bed occupancy rates for all graded hotels in July compared with the same period last year, but they all showed increases in total hotel income, a Central Statistical Service (CSS) release reported yesterday.

However, Fedhasa executive director Fred Thermann pointed out that the CSS figures were not adjusted for inflation. Although the total percentage increase in hotel income for the entire country was given as 10,9%, if inflation and additional factors were taken into consideration it was almost a 9% decrease in real terms, he said.

Out of the 21 tourist regions in SA, 15 recorded decreases in room and bed occupancy rates, with the Boland reflecting the relatively lowest average room occupancy rate of 25%. The Eastern Cape region recorded the highest.

One-star hotels showed not only the largest decrease in room and bed occupancy rates of 18% and 16% respectively, but also the lowest average room occupancy rate of 37,3%.

Thermann attributed this to the fact that many one-star hotels were now situated in semi-industrial areas and were no longer really tourist hotels.

Five-star hotels revealed a 6,5% drop in room occupancy and a 10,2% drop in bed occupancy. This showed that there was still a buoyant European tourist market, but if the unrest situation continued this could be further affected.

Three-star hotels showed the highest occupancy rate of 56,1%. Thermann said the reasons for this relatively low figure were that July was considered an out-of-season period to the local tourist industry, and the country was in a recession.

Let's develop tourism, Kotze tells neighbours

B Day 25/9/90 288

LESLEY LAMBERT

CAPE TOWN — Southern African countries should forget their differences and work together to develop a booming tourism industry in the region, Environment Affairs Minister Gert Kotze said yesterday.

Addressing the Association of Southern African Travel Agents (Asata) congress in Windhoek, Kotze said SA and its neighbours could start building up tourism in the area immediately, by establishing cross-border travel packages.

"Tourism can help to build international bridges where other forms of diplomacy cannot. It plays an important role in the strengthening of ties in southern Africa in the political, social and economic spheres," he said.

Trade, Industry and Tourism Minister Kent Durr said at the weekend conservative estimates indicated that SA would receive more than a million foreign visitors this year and more than two million by the turn of the century.

Some of the income generated by tourism could be used to maintain costly wildlife sanctuaries which had proved to be one of the major tourist attractions in the region, Kotze said.

● KOTZE

But he warned that there was a limit to the number of tourists any region could accommodate.

"Destroy our environment through over-exploitation and you destroy our international tourist industry which many impartial observers maintain has the capacity to replace gold as our most important export earner of foreign exchange.

"We must ensure that southern Africa's natural environment, fauna and flora are developed rapidly to maximise their contribution to tourism, with due care being exercised to protect the environment. A careful balance between development for tourism and conservation will have to be maintained to ensure that this central element in southern Africa's tourism industry remains an attractive feature," Kotze said.

Timeshare and holiday homes

Prospects of growth are looking good

B Day 28/9/90

288

DESPITE rapid growth, the timeshare industry is confident it has not reached saturation point — though there are some important issues facing developers.

Resort Condominium International chief Bruce Ravenhill says estimates last year put the number of timeshare weeks at about 156 000, owned by some 92 000 families.

"If we accept there are 1,3-million households which qualify economically for timeshare, the present level of timeshare weeks sold represents a 7% market penetration.

"Opportunity for growth must be good if one considers how many people have qualified as prospects and have attended sales presentations but not bought.

"The sale of 370 500 weeks, or a 15% market penetration, is achievable. The time it takes to reach this level will depend on how well the industry regulates itself and delivers the promise of 'hassle-free holidays'," says Ravenhill.

Timeshare is a luxury item and, in comparision to other forms of ownership, such as whole ownership, fractional or syndicated ownership, it is a relatively low-ticket item.

"It is not a necessity, and largely has to be 'sold', rather than 'bought'.

"The number of unprofessional sales agents that pass through the industry and are unleashed on the unsuspecting public is appalling — though this has improved considerably.

Ravenhill says the trend will be towards more selling on site so the potential buyer can experience the resort first hand.

The prospecting method of getting a customer to the resort and the selling method will be accomplished with more dignity and less "heat".

"Currently, one in eight prospects buy and about 91% are satisfied with that purchase.

He says the sophistication of the market and competitive options are leading to an emphasis on value and quality.

In all segments, there is evidence that better amenities, furnishings and locations are proving the key to a competitive edge.

"Price is not a sensitive issue in resorts targeted at the A-income group. Margins can be held, though sales volumes tend to be slower.

"On the other hand, resorts aimed at the lower income groups are proving price conscious. Developers are finding margins slimmer, but they are able to maintain good volumes."

Ravenhill says the word "levy" should be dropped from timeshare jargon.

"It conjures up negative images. There is a great deal of misinformation in people's minds — they appear to believe that somehow they are being 'ripped off'.

"This is far from the case, and most resorts keep levy increases in line with inflation.

"The term should be changed to 'service charge', as this would more accurately reflect the nature of the charge.

"One gets what one pays for, and comparisions should be made taking into account the services provided," he says.

HOUT BAY HARBOUR FIM 28|9|90

FULL STEAM AHEAD

288

Cape Provincial Administration has at last given the go-ahead for redevelopment of Hout Bay harbour as a tourist attraction.

The rights for two separate developments have been awarded. The larger area will be leased to a consortium comprising Master-

68 • FINANCIAL MAIL • SEPTEMBER • 28 • 1990

FIM 28|9|90 288

FIM 28|9|90

prop, the property development division of Masterbond Trust group, and SA Sea Products, part of the Oceana Fishing group. The smaller development will be undertaken by Mariner's Wharf (Pty) Ltd, which operates a fishmarket and restaurant at the harbour.

Permission to upgrade Hout Bay harbour opens the way for private sector redevelopment of 14 other small harbours controlled by the province. Next in line is likely to be Hermanus harbour.

288

Robin Ellis, project co-ordinator for the Masterbond/Oceana consortium, says a R40m development proposal has been agreed, though final details may change after consultations between the consortium and local residents.

At this stage, the plan comprises five main elements: a tourist village with a retail component and overnight tourist accommodation; a warehouse development with conference and sports facilities and an indoor market; a quayside fishmarket; a boatyard for commercial and pleasure craft; and a water-orientated development including additional floating jetties and quayside berths for specialised craft.

Ellis says the consortium will consult with all sections of the local community and is planning a presentation of its scheme. A new company will be formed to undertake the development. More research is needed before the plans can be finalised and construction should begin in a year's time with completion by the end of 1993.

Mariner's Wharf MD Stanley Dorman says work on his R6m-R7m scheme could begin before the end of the year with completion next summer. It will include a new restaurant and additions to the existing complex.

He adds the project will complement the company's plans to create a turn-of-the-century fishermans' village in nearby Hout Bay village along the lines of Gold Reef City. An 80 000 m² site in the village has been acquired and R40m-R50m will be spent on the development over five years.

Even in its undeveloped state, Hout Bay harbour is one of the most popular, man-made, tourist attractions close to Cape Town. Dorman says on a good day it attracts 25 000-30 000 visitors. ■

rights legislation in the process of being gazetted in the Transkei won't impinge on their schemes.

C C Transkei is confident its proposed hotel and casino will be given the go-ahead. It is on the site of Umtata Country Club where work started in 1987 on the Sun International scheme which was abandoned when the Transkei government decided to contest SI's exclusive rights in the homeland.

MD David Harrop says it involves two phases costing about R95m. They include a 150-room, five-star hotel and international casino, a new clubhouse at the country club, upgrading of the golf course, and about 150 townhouses or cluster homes.

The company says it has the backing of the country club but, according to Transkei Development Corporation's Arthur O'Connor, there could be rezoning problems.

There are also rival plans for a R65m, five-star hotel and casino at the nearby Independence Stadium. Presentations have been made by B M Faria Holdings. The only objection so far came from a high school.

Bernadino Faria says his proposal includes a large office block and health centre. "We are now waiting for the new gambling legislation to be passed so we can apply for a licence." ■

Timeshare and holiday homes

Niche schemes do well as the industry enters mature phase

B Day 28/9/90 (288)

THE timeshare industry is worth an estimated R200m a year, though there are signs of the recession biting into sales.

Resort Condominium International (RCI) chief Bruce Ravenhill says the figures for the year to end July showed a 9% drop in the number of weeks registered.

"However, the Cape and inland areas show a slight increase, with most of the resorts being registered purpose-built, higher priced resorts.

"The Natal area appears to be experiencing a degree of saturation.

"The industry has become very competitive. Those companies operating in niche markets tend to do well. Marketing strategies tend to be tired and there is nothing new.

"But timeshare is still acceptable, with over 90% of buyers happy with their purchase."

Southern Sun Timesharing executive chairman and South African Property Owners Association timeshare division chairman Brian Stocks says timeshare originated overseas when an oversupply of condos led the developers to look for alternative methods of selling their properties.

Convinced

"A few figures scratched on the back of a cigarette box convinced them that selling the properties by the week would be profitable. Little did they realise what was involved in proper resort management.

"The SA market has developed in a different manner. The larger companies became involved and offered their management expertise.

"Specialist companies have appeared to manage developments and timeshare is mature and accepted in SA.

"Timeshare in SA (in the white market) has a greater penetration than anywhere else in the world," says Stocks.

Demand has been stable over the past 12 months.

"There have been some predictions of a downturn, but there are no signs yet.

"Around six years ago, the industry was worth an estimated R30m. Currently, Sapoa estimates it is worth about R200m a year.

"There has been tremendous growth, which has resulted in a high penetration of the white market.

"The market is not saturated, but it has entered a mature phase and companies with a lack of commitment to the industry have tended to fall by the wayside.

"The companies remaining tend to be in for the long haul. They either operate their own management companies or employ outside specialists to manage their resorts.

"We are seeing a lot of construction of specialised timeshare projects. This illustrates the more mature nature of the industry as it moves away from the upgrades and conversions of existing properties, which were a hallmark of many past timeshare projects."

Timeshare is not the one-off payment which many buyers seem to believe.

Levies must be paid and these are related to the running costs of the resort.

Higher

Costs cannot be compared to the levies charged in a normal sectional title development as the expenses are higher.

There are numerous employees who must be paid, such as porters and receptionists.

There are also facilities, such as tennis and squash courts and water sports, which are not found in a residential development.

PROPER

Holiday cottages may not be cheap alternative to hotels

288

BDay 31/10/90

SPENDING the summer holidays in a rented flat or cottage may be a convenient alternative to a hotel but it is not necessarily cheaper.

Adverts for rented accommodation show prices range from R40 a day for a flat in Cape Town — which sleeps four — to R5 500 for two weeks in a room sleeping four at Plettenberg Bay.

Other examples are a three-bedroom house in Cape Town costing R1 000 a week for November and R1 500 a week for December and January; R300 a day for a house in Hout Bay sleeping six between December 17 and January 5; and R525 for a week in a luxury cabana in Umhlanga in November.

Prices vary according to the standard and extent of the accommodation, where it is located, and the time of year it is being taken.

A spokesman for Cape Town Holiday Booking Service said the holiday season started at the end of October. For the pre-holiday season, a rented house sleeping four would cost about R200 a day. In December the same accommodation would cost about R250 a day.

She said the maximum price in Cape Town could be up to R1 000 a day for a serviced house in Clifton or Bantry Bay, which included a jacuzzi and swimming pool.

A spokesman from Ballito Accommodation, which handles "upmarket" rented holiday flats and cottages around Ballito on the Natal North Coast, said out-of-season accommodation for four would cost from R110 a day. In peak season, this would cost R250 to R440 a day.

She said these rates covered on average a three-bedroom, two-bathroom house with pool and sundeck.

288

Cape Times 25/10/90

City set for million tourists

CAPE Town is bracing itself to absorb the first waves of a record-breaking million tourists who will visit the city over the next year — and "Woopies" will be leading the stampede.

According to Captour managing director Mr John Robert, Woopies (well-off older people — as opposed to Yuppies) are in the vanguard of a growing demand for cultural, educational and "specialist" tours.

He wrote in Captour's annual report that this will be the first time the million figure is reached and will represent a more than 20% rise in tourism.

An estimated 863 000 tourists spent about R904 million in Cape Town and its environs in the past year.

Mr Robert said research indicated that tourists have become more conscious of "the need for a healthy, unpolluted environment and the need to care for their health".

While there is a declining trend in overseas travel from the United States and from the Middle East, this will be more than compensated for by increased tourism from Europe and the Far East, he said.

He said if spending kept pace with the growth in tourist numbers, the R1-billion mark in direct spending by tourists might well be reached.

COMPANIES

Mr Rooster hopes to raise R2,5m in share offer

SYLVIA DU PLESSIS

CARNIE Matisonn, one-time MD of leisure group Blue Marlin Holdings and current owner of a range of restaurants including Freddie's Parkmore Tavern, is back in the public eye with an offer of shares in his latest venture.

The Rooster's Group (TRG), a holding company for the Rooster's fast food chain Matisonn plucked from Blue Marlin for R1m when he left the company in May 1988, was registered as a public company on October 4.

A statement yesterday said TRG, with an authorised share capital of 60-million shares, intended offering 10-million shares to the public at 25c apiece.

A prospectus has been lodged for registration with the Registrar of Companies and the shares will be marketed by Selected Portfolio Brokers.

(288)

Matisson, who restructured Leisuretime Investment Holdings as a parent for Rooster's and other interests in 1988, said he had plans to list the company.

He would do so only once TRG had met JSE requirements for a main board listing and once market conditions were "more favourable".

That would not be for at least three years, he believed.

The company hoped to raise R2,5m through the public share offer to be used to cover the purchase price of assets and organic growth.

The TRG statement said 40 outlets were in operation, while 14 were in "various stages" of development.

St James hotel to be auctioned

CHARLOTTE MATHEWS

THE St James Hotel near Muizenberg, Cape Town, which is part of the sequestrated estate of Jean Ronald Getty's JRG (Cape) Trust, is being auctioned tomorrow.

Auctioneers Michael James Organisation's Andrew James said it was expected to fetch R3m to R4m. He said there had been many offers. (288)

The hotel belonged to the legendary John Paul Getty's son Jean Ronald Getty, who left the country in June after the provisional sequestration of his estate in the Cape Supreme Court.

The 60-room hotel is run by the Protea Hotels group on a management contract. B|Day 29|10|90

The gross revenue of the hotel rose 29% to R3,4m in the year to June from R2,6m in 1989, the financial statements showed.

Operating costs amounted to R2,2m leaving a gross profit of R1,2m which, after deduction of administration and overheads, fixed costs and management fees, produced a pre-tax profit of R162 530. This was 10% above the previous year.

Fedics group acquires 40% of Protea

B/Day 3/10/90 288

NEIL YORKE SMITH

CONTRACT catering group Fedics had acquired 40% of hotel management and marketing operation Protea Hospitality Corporation (Protea) for an undisclosed sum, the companies announced yesterday.

The deal, effective from July 1, would have benefits in terms of training, purchasing, developing offshore opportunities and financial strength, Protea chairman Otto Stehlik said yesterday.

The tie-up would give both companies excellent opportunities in the growing hospitality and tourism industry, Fedics MD David Wigley added.

Stehlik was optimistic about the outlook for the SA tourism industry.

Protea had achieved its original target of 60 hotels in SA and would now focus on southern Africa.

Stehlik and fellow directors will retain control of Protea.

Three directors from Fedics will be invited to the Protea board — David Wigley, Delwin Eggers and Fedvolks chairman Peet van der Walt.

SA has turned its back on past – Durr

Star 4/5/90 (288)

Pretoria Bureau

South Africa had turned its back on the past and is looking only at the future, Kent Durr, Minister of Trade and Industry and Tourism, said in Pretoria today.

He told a symposium on product certification organised by the SA Bureau of Standards (SABS) that South Africa was in a "new world".

Mr Durr said that many structures and practices which prevailed were wrong but that a sustainable constitution could only be created if there was a successful, forward-looking and effective wealth-creating society.

"We need to focus more sharply upon the opportunities of the future than on the inequities of the past."

Describing South Africa as again becoming a land of opportunity, Mr Durr said Europe in 1992 — when that continent becomes a united group — was putting up fences of quality, standards and specifications. It was important for South Africa to maintain standards and quality to be able to compete.

The SABS, which had obtained an international reputation, had tried to build bridges to facilitate international trade. Certification of products and systems was being increasingly used to indicate compliance with relevant standards.

In the past 18 months, technical advice, help and publications had been given to many African and South American countries.

Cape Town hotel boom set to beat recession

ARGUS 4/10/90 288

By ANDREA WEISS
Staff Reporter

CAPE TOWN's hotel trade is buoyant despite the deepening recession which has hit the business in Natal.

According to group consultant for Protea Hotels and member of Fedhasa's tourism committee, Mr Keith Lamb, Cape Town's hotels are doing "rather well" at the moment.

"It's looking very good for this time of the year. Independent hoteliers have confirmed that we are looking at a very healthy situation," he said.

The Argus Correspondent from Natal reports that hotels have been hit by poor occupancy rates for the October holiday break.

Mr Lamb said Cape Town was fortunate in that October was a good conference month and many retired people chose to holiday here at this time of the year. Overseas trade was up six percent on last year.

Budget ventures, not the three- and five-star hotels, were generally hit first in a recession, he said.

He also pointed out that there had been a big swing towards self-catering and timeshare accommodation.

On bookings for December, he said about 50 percent of accommodation had been booked and deposits paid for.

This was confirmed by Mr James Vivier, Cape Town director of Fedhasa, who said about 50 percent of accommodation was still available for booking in December.

Commenting on trends during a recession, Mr Vivier, said tourism was always one of the first industries to be affected. He said there had been a definite increase in overseas trade, but this depended on the political situation.

While Cape Town hoteliers hope that the tourism boom in the city would grow, West Coast hoteliers are looking back on a particularly good flower season.

Fedhasa chairman Mr Elias Nel, owner of the Maskham Hotel in Vredendal, reported an average 15 percent increase on bookings last year. He said bookings had been up 36 percent in August at the start of the flower season.

New tourism vista opens

288

5/10/90

Kenya air link seen as major reform reward

Air links between Kenya and South Africa are to be renewed from December in one of the biggest breakthroughs yet for South Africa's reform initiatives.

Sources forecast a large flow of tourists from South Africa to Kenya, especially to the many hotels on the coast. And South Africans will, for the first time in decades, have access to the famous game parks of Kenya.

The air link will become a reality before the end of the year, according to industry sources.

The Nairobi link will also be used to fly local Muslims on pilgrimage to Mecca, a business expected to be highly lucrative.

SA Government diplomatic sources were wary of commenting today, saying the diplomatic procedures had not been finalised.

However, they confirmed talks had been taking place and they believed the deal would go through — despite a premature leak from London.

The sources stressed that at this stage it was not envisaged that Nairobi would be used as a stop-over for SAA flights to Europe, because Sudan was still denying SAA overflight rights.

The Johannesburg-Nairobi run would be purely regional. They expressed confidence that this would change and that Sudan's opposition to overflight might go.

A full statement is expected next week.

Media manager for South African Airways Leon Els confirmed yesterday that talks were taking place with Kenya Airways, but could not give a date for the possible introduction of flights between the two countries.

However, a senior Kenyan airline official claimed the air link between the two countries, severed 27 years ago, would be reinstated in early December.

"The plan is that the airlines from both countries will make one flight a week between Nairobi and Johannesburg," said the Kenya Airways official.

The official, who declined to be identified further, said both national carriers had already signed a memorandum of understanding.

He said South African Airways would fly a Boeing 747 and Kenya Airways a Boeing 757.

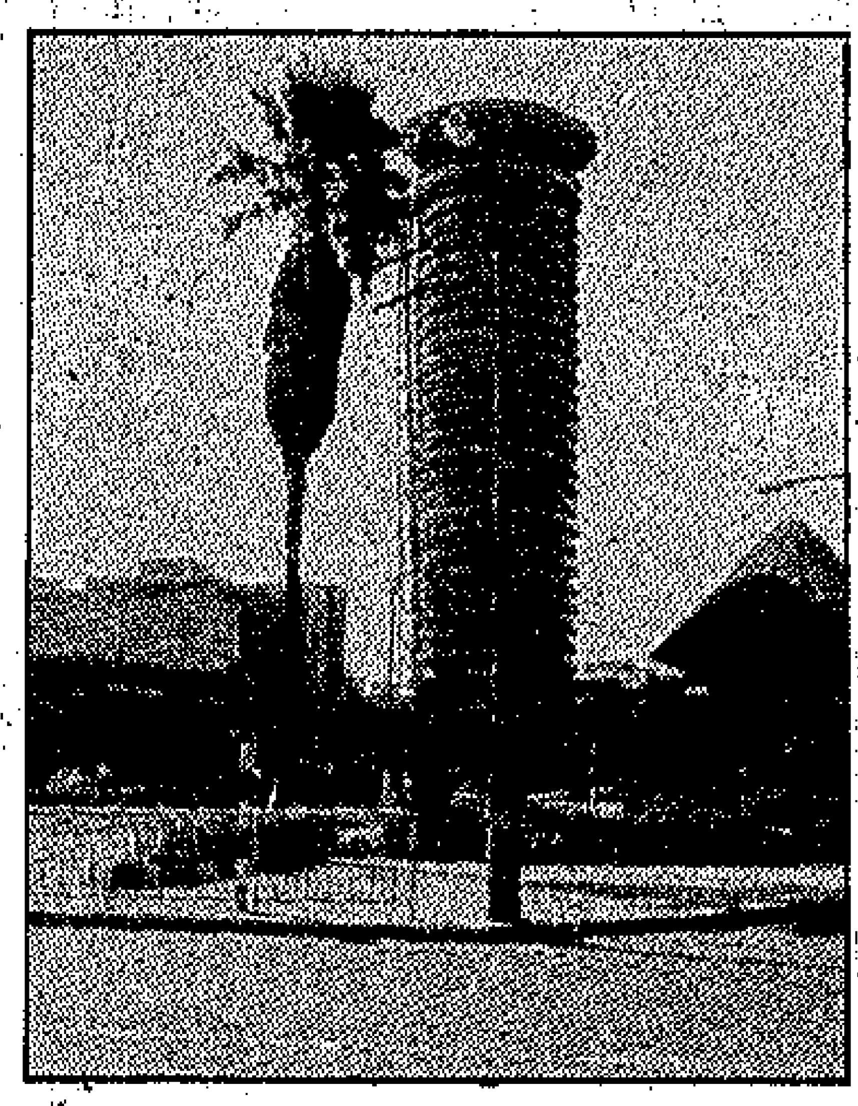
This would necessitate a certain amount of mutual technical assistance, because neither airline flies the other's type of aircraft, the official added.

The Kenya Times newspaper reported yesterday that Kenya Airways aimed to tap the lucrative London-Johannesburg route.

Quoting an unidentified government official, the newspaper, which is linked to the government, said "imminent majority rule" in South Africa had encouraged Kenya to explore trade links with Pretoria.

Kenya, like many African nations, officially severed all commercial, cultural, and political ties with South Africa on gaining independence in 1963.

However, Kenya continued to allow landings in Nairobi by half a dozen airlines enroute from Europe to South Africa despite criticism from most member of the Organization of African Unity. — Political Correspondent-Staff Reporter-Associated Press.



Kenyan landmark ... the Kenyatta Conference Centre in Nairobi.

NATIONAL PARKS — 2

RHINOS INTO BUCKS (288)

FM 5/10/90

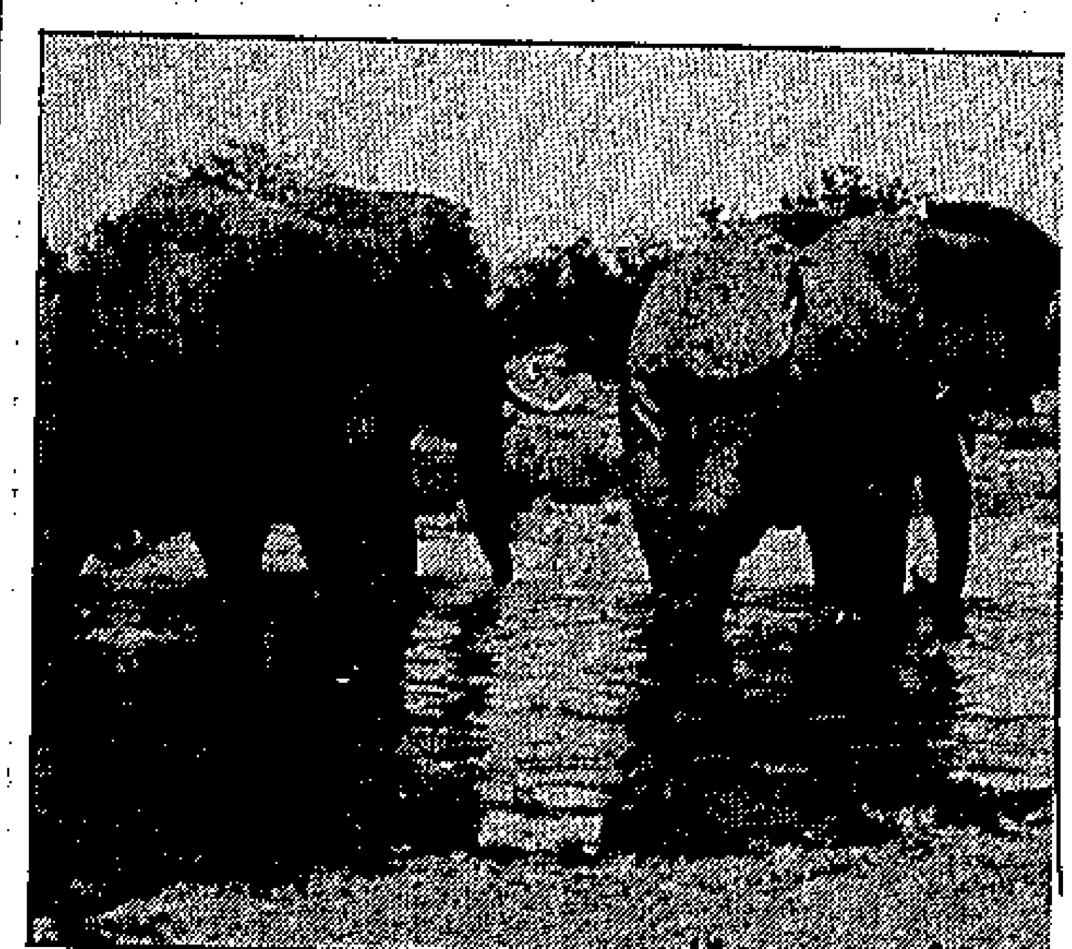
Wildlife, long the main tourist drawcard to SA, is starting to make a profitable contribution to the economy through livestock sales.

Top of the league when it comes to effective marketing and selling is the Natal Parks

FM 5/10/90 (288)

Board, which this year turned over R4,5m in livestock sales — almost double last year's R2,5m. The National Parks Board revenue from the same source, by comparison, was R122 843, down from R143 000 last year.

The Natal Parks Board sells black rhino, an endangered species, to approved buyers at R450 000 each. More common white rhino fetch R76 000 apiece. Nearly every southern white rhino found in international zoos and game parks originated from a small breeding herd at the Umfolozi game park, according to board director George Hughes.



R4 500 elephants! ... *pack your trunks* .

The board's efforts have lifted the white rhino from the brink of extinction. The 2 000 white rhino in Natal game reserves are worth about R100m, he says.

The best seller on the National Parks Board list, on the other hand, is the elephant, which sells for R4 500 each. However, a spokesman says the board also donates large quantities of game to smaller game reserves.

Soaring wildlife sales are a product of not only 30 years of successful game conservation policies, but also burgeoning private game areas, including farm conservancies and timeshare game parks. Protected wildlife areas now comprise one-tenth of Natal, Hughes says.

Quoting official tourist figures, he notes that 90% of visitors to SA say wildlife viewing was their top reason for coming. The average visitor spends 15 days in the country, but just four are spent in game parks. This creates a considerable revenue spinoff for other areas.

Nevertheless, with satellite pictures clearly showing Natal game reserves as lush oases in the middle of barren homelands, Hughes says wildlife has to become more self-sufficient to justify its presence in a country where poverty and a battle for land continually threaten the survival of SA's nature heritage.

Mozambique, for example, once had among the finest game reserves on the continent and the largest herds of elephant; park infrastructure is now down to 12 nature conservation officers with not a single vehicle among them. Zimbabwe, too, is fighting a war against well-armed rhino poachers with an understaffed and under-equipped conservation force. ■

FM 5/10/90 (288)

NATIONAL PARKS — 1

NO BEDS FOR SALE (288)

FM 5/10/90

The National Parks Board is holding tight to the goose that lays the golden eggs. It has no intention of giving the private sector a bigger stake in providing tourist facilities in game reserves.

Backed by the recent Board of Trade & Industry report on tourism, which recommended a R333m soft loan to expand accommodation facilities in game reserves (*Business* September 7), the parks board is poised to control more than 8 000 new beds for which foreign tourists are prepared to pay big bucks. The board estimates that the additional income will make it financially self-sufficient in eight years.

But hoteliers and resort developers are anxious to get a slice of the lucrative, State-run, accommodation market. The private sector is now essentially limited to charter flights, bus tours and car hire in the parks. To many tourists, hotels and resorts built just outside reserves such as Kruger National Park just don't have the same appeal as those built inside.

Hoteliers argue that allowing them into the parks to manage facilities owned by the board would be in line with government's commitment to privatisation. They say, with some justification, that while the board is the best authority to manage wildlife, accommodation should be left in the hands of professionals.

Protea Hotels MD Arthur Gillis says joint ventures with the board may be the answer. The board, he says, could set rental fees for the facilities and lay down parameters within which the private sector should operate.

But the board's chief director, Tol Pienaar, disagrees. To hand over the most lucrative aspect of game reserves, he says, would undermine the financial base the board wants to establish to make itself self-sufficient.

He says the rentals the board would have to charge the private sector to compensate for not fully benefiting from the accommodation income would make the cost to the customer prohibitive. He is also concerned that the private sector would only be interested in the more lucrative parks and the board would still have to provide facilities in less popular areas.

Pienaar also disagrees with the assumption of hoteliers that the board can't match the standards of the private sector. "I can safely say that the facilities we provide are of a higher quality than can be provided by the private sector because profit is not our primary motive."

No one can argue with the board's goal of financial independence for the parks. But putting beds in unpopular areas and providing facilities of a higher standard than the public is seeking is certainly no way to achieve this. ■

Drop-Inn selling its property

288

CHARLOTTE MATHEWS

LIQUOR retailer Drop-Inn is selling all its property interests for R12,7m and consolidating its shares on a five to one basis, the company has announced today.

The proceeds from the sale of the property will be paid to shareholders as a special dividend of 24c a share. This will be paid in addition to the interim dividend for the six months to August, which has still to be announced. B/Day 11/10/90

The directors say Drop-Inn is disposing of its property to become a more focused retail operation with all its assets employed in liquor retailing.

The directors also feel the share is undervalued against its net asset value because the property holdings are yielding a lower return.

If the properties had been sold on March 1 and the proceeds invested in the money market, earnings a share would have been 6,67c instead of 6,16c. Net asset value would have increased to 59,01c from 53,26c.

The disposal of the properties and consolidation of shares is conditional on shareholder approval. A general meeting will be called to approve the transactions.

COMPANIES

Steak ranches dig in spurs and bound ahead

MARCIA KLEIN

SPUR Steak Ranches (Spur) reported a 41% increase in attributable income to R1,36m for the six months to August from R964 000 for the same period last year.

The franchise steak ranch chain's results were "exciting", with a 41% increase in earnings to 8,6c (6,10c) a share, MD Gerd Topat said yesterday. An interim dividend of 6,5c was declared, 30% up on 5c last year.

Topat said the group posted good, solid results — including a 30% increase in turnover to R7,65m — which were "ahead of what was anticipated, especially in today's climate".

The group consolidated its position "without stunting growth", he said, and it was being run much tighter than in the past. He was reasonably confident Spur would continue to show the growth of the first half at the year-end.

Spur planned for the opening of 16 new stores in the current year. Five are open already and the balance will be opened by the end of November.

Topat said the group was encouraged by its export activities, which were looking attractive with a potential for growth. (288)

Spur's holding company Spur Holdings (Spurhold) — which holds 40% of Spur's fully diluted share capital — posted attributable earnings of R897 000, 37% up on R653 000 for the same period last year.

An interim dividend of 5c (4c) was declared, and earnings rose 37% to 7,15c (5,22c) a share.

ACCOMMODATION FM 12/10/90

FILLING A NICHE

(288)

With a severe shortage of tourist and de luxe hotel beds looming — in the face of an expected foreign tourist boom — the Protea group has established a company to tap a largely unexploited resource — timeshare developments and public resorts.

The new company, Places, will franchise or manage self-catering establishments. Protea executive chairman Otto Stehlik believes there's a strong market for the concept long popular in Europe. He aims to have 50 locations signed up by early next year and 150-200 in three years. The move will give Protea Hotels, which manages 60 hotels in SA, access to a wider range of accommodation.

There's certainly no short-term prospect of a rash of new hotels going up and putting a damper on Protea's plans. Not with the economy now firmly in recession and building costs creeping ever higher. The estimate for a five-star hotel is now R300 000 a room.

Places will handle any self-catering establishment with 20 or more units, including timeshare developments, apartments and local government resorts.

The advantage to owners, Stehlik says, will be Protea's ability to generate additional occupancy through its computerised central reservations system and its domestic and international marketing expertise. "The troubled timeshare industry should be delighted by the development because it will provide additional occupancies, revenue from unsold units and introduce potential buyers to timeshare."

Owners can continue to manage their establishments under a Places franchise or Places will put in its own management. Stehlik says Places will grow faster and bigger than Protea Hotels because it will deal only with accommodations and not food and beverage management.

Protea Hotels, which is forecasting a R250m turnover this year, is also expanding its regional interests. It has taken over the 250-room Maputo Hotel in central Maputo. The establishment was formerly the Portuguese Naval Officers' Club but has been owned by Frelimo since independence. Stehlik says he is also negotiating for hotels in Mozambique, Madagascar and Botswana. ■

Five-star beach hotel for Hout Bay

Cape Times
13/10/90
288

Tourism is on the increase — and so is the demand for more up-market tourist hotels. ROGER WILLIAMS reports on plans to fill a gap in the market at Hout Bay, with a 5-star beach hotel on one of the most-popular scenic routes in SA.

A FIVE-STAR, "low-profile" hotel of about 100 rooms is being planned for the Hout Bay beachfront, as an adjunct to the R35 m Fisherman's World project being developed off the main road through Hout Bay village.

The hotel is to be built on the edge of the beach between the Disa River outlet and the village.

Stanley Dorman, MD of Cape Coast Properties, told Top of the Times the hotel, which would be to international standards, would blend with the beach-front topography and character of Hout Bay.

Independent project

He said: "We hope to start construction by the end of 1991 and to have the hotel, which will be franchise operated, open by the 1992/93 season."

Dorman said the hotel, from which residents would be able to step straight onto the beach, was aimed at filling a gap on one of South Africa's most important tourist routes.

While the hotel and Fisherman's World are not linked with the R40 m development plan for Hout Bay harbour, approved last month by the Administrator, Kobus Meiring, Dorman said they would be complementary to the Mariner's Wharf complex in the harbour.

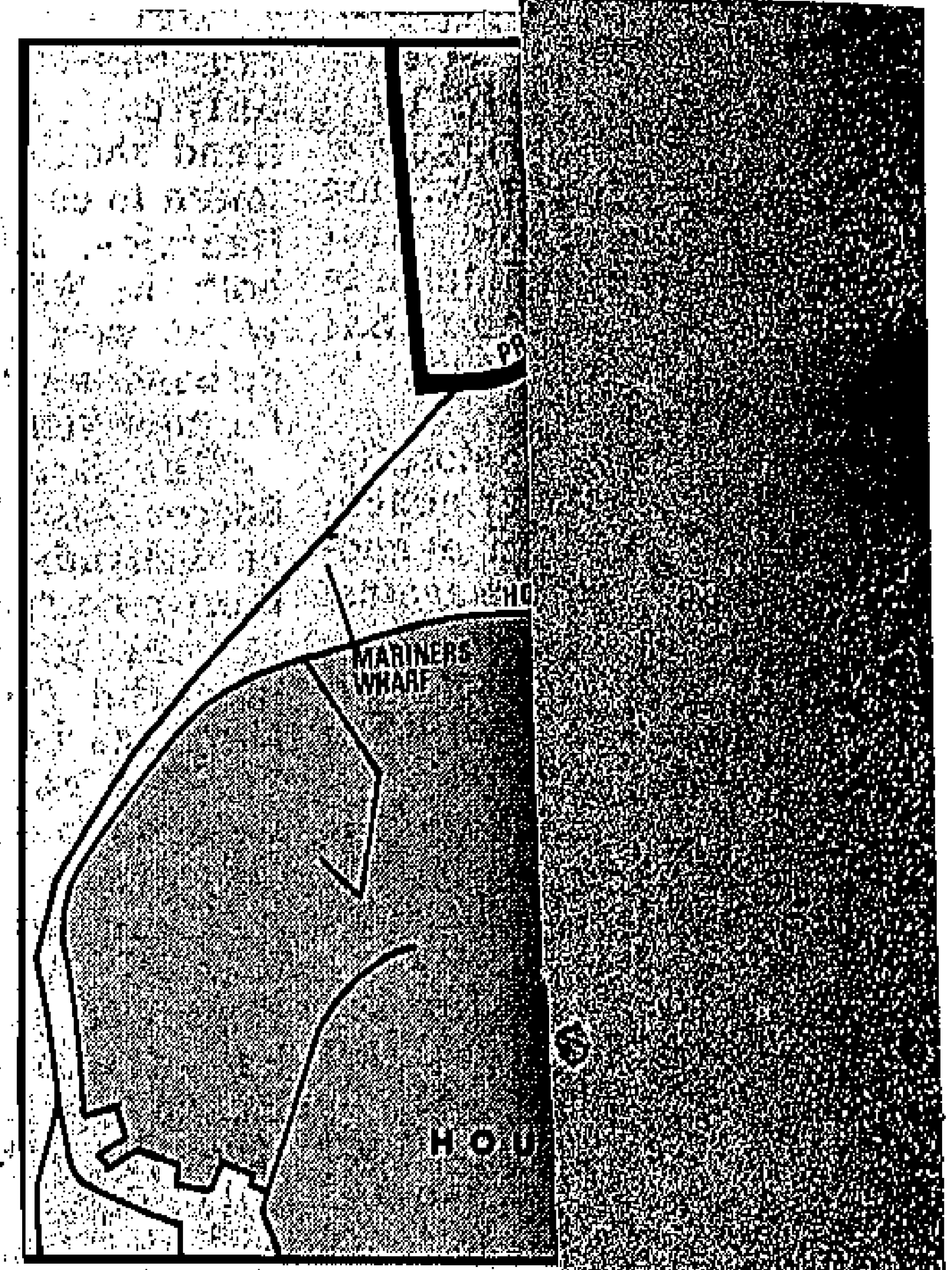
Mariner's Wharf itself is to be extended.

Robin Ellis, project co-ordinator of the Master Leisure Consortium which is undertaking the harbour development project, said the consortium's proposals, still being formulated, would be put to the local ratepayers at a meeting early next year.

Meanwhile the first phase of the Fisherman's World project, to be called "The Passageway", is scheduled to open next month. This will have 14 up-market shops. A post office to replace the old one on the Fisherman's World site is to be attached to "The Passageway" and is due to be completed and ready for business early next year.

Dorman said in the second phase of the Fisher

□ To Page 18



HOTEL SITE: The site for the 5-star hotel being planned for the fringe of Hout Bay beach — as a future adjunct to the R35 m Fisherman's World, to be developed on about five hectares of land bounded by the main road and Disa River.

HISTORIC HOTEL UNDER THE HAMMER

By EUGENE ABRAHAMS S Times

THE four-star St James Hotel, in which fugitive American millionaire Jean Ronald Getty had a R1,25-million share, is to be sold at a public auction at the end of the month.

The auction of the hotel, outside Cape Town, is a direct result of an earlier sequestration and liquidation.

The hotel was placed under liquidation in June this year to repay a debt of R276 000 after an application was brought by trustees in the insolvent estate of Mr Getty.

Both Mr Getty and his wife fled South Africa and their whereabouts are unknown.

The hotel is managed by Protea Hotels for 40 percent of its gross revenue. In 1986 it underwent a R2,5-million facelift which upgraded it from three to four stars.

The hotel, a False Bay ~~landmark~~, was built shortly after the South African War. After this month's auction, it will have changed hands four times in seven years.

13

Weather and scenery attract visitors to SA, research shows

B/Day 15/10/90

THEO RAWANA

CLIMATE and scenery were the greatest motivations for overseas tourists to visit SA, a Satour study has found.

The study also showed that the majority of the tourists would definitely return to SA.

The survey was conducted among 5 014 people, covered 14 days of January 1990 and included only tourists departing from Jan Smuts Airport.

The majority of the respondents were in the high and very high income ratings and aged between 18 and 55.

Most said the main purpose of the visit was to holiday (41,8%), while 35% were visiting friends and relatives and 12,8% were here for business or professional reasons.

After climate and scenery as the motivation for visiting SA, the third was "peoples" and business or work opportunities came fourth.

For European visitors the total expenditure amounted to R6 201 a visitor or R205 a visitor daily. In an August 1989 survey, the amounts were R7 118 and R241 respectively.

The figures for US visitors were noticeably higher at R7 261 a visitor or R287 a day.

Visitors who were part of a tour group showed the highest overall expenditure per visitor at R306, compared with R203 for those who were not.

(288)

The survey found that apart from political and theological visitors, the highest amount spent per visitor day was for managerial visitors at R326 and the second for commercial visitors at R249.

The visitors with the highest income rating had the highest expenditure (R332 a day), and as the income rating declined, so did expenditure.

The highest expenditure per visitor day was in the age group of 36 to 55, at R269 per visitor day, followed by the 56-and-older age group at R177 a day.

The UTA passengers reflected the highest daily expenditure of R324, with Luxavia passengers accounting for the lowest at R134.

Kersaf to increase overseas investments

By Derek Tommey

Kersaf is planning to increase its investments overseas, in spite of its unhappy experiences in the Comoros.

Kersaf's chairman, Mr Buddy Hawton, reports that the group's offshore investment arm, Royale Resorts, has acquired an indirect stake in an offshore casino operation and the possibility exists for further such investments in the year ahead.

However, he is not saying where the casino is situated. He explains that in view of the political difficulties facing South African investors overseas, future offshore investments are likely to be by way of indirect rather than direct holdings.

Although establishing an offshore presence involves considerable time, effort and cost, and runs the risk of political and other pressures, the group considers that the focus on offshore remains valid, he says.

Following a prolonged political impasse and civil strife in the Comoros, Sun International decided in principle in the second half of the year to withdraw from that country.

Negotiations are now taking place with the Comorian Government which was a partner in the venture and other possible operators.

This decision resulted in Sun International incurring a loss of R30,5 million of which Kersaf's share was R24,4 million.

Mr Hawton says that since February the group has experienced depressed economic activity, high interest rates and a difficult labour situation and he expects these conditions to continue. But he believes the traditional resilience of the group's core businesses will produce a further growth in group earnings.

with influential politicians, businessmen, bankers and financiers.

Another important issue that had to be talk of change in SA was met with cynicism. The switch in attitudes was particularly noticeable in the US, Schwarz said.

Tourism white paper on the way

GERALD REILLY

PRETORIA — A white paper on tourism and consolidated Satour legislation would point the way ahead for tourism in SA, Trade and Industry and Tourism Minister Kent Durr said yesterday.

Speaking at the opening of Satour's new head office, he said reconciliation and renewal were paramount considerations for all South Africans.

Within these parameters there was a need for a review of Satour's functions.

This brought with it the need to consolidate the current five parliamentary Acts defining Satour's objectives into one Act.

The Act would be strongly influenced by the findings of the joint report drawn up by Satour and the Development Bank of Southern Africa.

"We expect this national strategy plan for tourism development to be completed before the end of the year. The Board of Trade and Industry report on tourism will also be taken into account," he said.

After public reaction and comment, a white paper would be presented to Parliament.

Durr said it seemed tourism facilities and amenities had in the past been created in a vacuum. Development had been haphazard without being seen as part of a larger design, and still less so as part of a total design for tourism.

Tourism was a positive force in SA not only because of its significance as an earner of foreign exchange, but also as a force for creating jobs.

Durr said his department had been almost totally restructured and the spotlight had been focused on service to the tax-paying public.

(288) (   )

BDay 9/5/90

Sol to put more than R7m into Comores hotels

MANDY JEAN WOODS

WORLD Leisure International (WLI), the recently established British company owned and controlled by Sol Kerzner, is to spend more than R7m to re-open two hotels it has leased in the Comores.

WLI Southern Africa and Indian Ocean Islands director Bruce Hutchison said yesterday the company planned to spend R6m recommissioning and improving the R80m Le Galawa and Istandra hotels and R1,2m to launch them under the WLI banner. The planned opening date for the hotels is March 1991.

Details for the lease of the hotels had recently been finalised between the Comoran government, the company Nouvelle Socotel (in which the Comoran government has a 74% shareholding) and the Industrial Development Corporation.

WLI also had an option to develop a site next to Le Galawa called Malougha Beach, Hutchison said.

The company was also in the final stages of concluding deals for the establishment of two other hotels in the Indian Ocean.

He said WLI had signed a three-year agreement with SAA to operate regular flights to the islands, beginning March next year.

"Our forecasts indicate that, with SAA, we will be moving at least 10 000 SA tourists to the islands within the first 12 months of operation.

"With this flow of tourists, the hotels will achieve an annual occupancy of 55% and SAA's weekly flights a seat occupancy of 73%," Hutchison said.

Plans were being finalised to improve facilities, including a professional diving centre, a sailing academy and deep-sea fishing infrastructure.

"These will be ready for implementation in November," he said.

WLI was established in April this year with former Southern Sun MD Peter Bacon as MD and SA cricket administrator Joe Pamensky on the board.

Its headquarters are near Kerzner's London home at Henley-on-Klip. However, the international marketing and reservations centre would be in SA.

WLI's local offices, yet to be set up, will probably be in Randburg.

FM 19/10/90 (288)

CONCORDE TRAVEL

TRAVEL PLANS

Activities: *Corporate travel services.*
Control: *Directors 86,2%.*
Chairman: *A Rogoff; MD: A D Lunz.*
Capital structure: *16m ords. Market capitalisation: R4,8m.*
Share market: *Price: 30c. Yields: 12,5% on dividend; 34,5% on earnings; p:e ratio, 2,9; cover, 2,8. 12-month high, 60c; low, 30c. Trading volume last quarter, 56 700 shares.*

Year to Mar 31	*'88	'89	'90
ST debt (Rm)	—	—	0,6
LT debt (Rm)	—	—	0,1
Shareholders' interest	0,5	0,44	0,22
Int & leasing cover	—	—	9,5
Return on cap (%)	†22,8	9,3	17,3
Pre-int profit (Rm)	1,5	1,1	2,2
Earnings (c)	†8,4	9,7	10,3
Dividends (c)	†2,7	3,5	3,8
Net worth (c)	27,9	34	17,7

† Annualised.
* Nine-month trading period.

Chairman Alec Rogoff hopes pent-up demand for new tourist destinations, such as the Soviet Union and China, will be the main force boosting growth. Concorde now has a second tour group visiting the Soviet Union.

With recent political developments opening up new destinations for South Africans, the group has developed new packages. Rogoff is not particularly worried about airfare increases resulting from soaring fuel prices; airfare is not the biggest cost factor for an SA tourist. With the weak rand, land arrangements — particularly hotel accommodation — are usually the biggest expense.

Most business is related to the corporate sector. Much private business also stems from corporate relationships.

Rogoff says weakening corporate profits have not yet persuaded the sector to cut back on travel.

The strategy to sell the 20% interest in Pride Consultants and focus on expanding basic travel operations was successful. Results more than offset the loss of Pride's significant contribution to earnings.

Pre-interest profit doubled on turnover which advanced 97,5%, helped by the acquisition of several Miller Weedon Travel branches. This year Rogoff intends to concentrate on improving efficiencies rather than pursue further takeovers.

Deregulation of the travel industry enabled many new agents to enter the market and rising competition is likely to mean narrower margins. Concorde's response was to introduce new facilities and better standards.

The market takes a bleak view of the travel industry, as indicated by the share's 2,9 earnings multiple. Events in the Middle East and other political developments could continue to influence performance.

Gerhard Slabber

TRANSUN FM 19/10/90

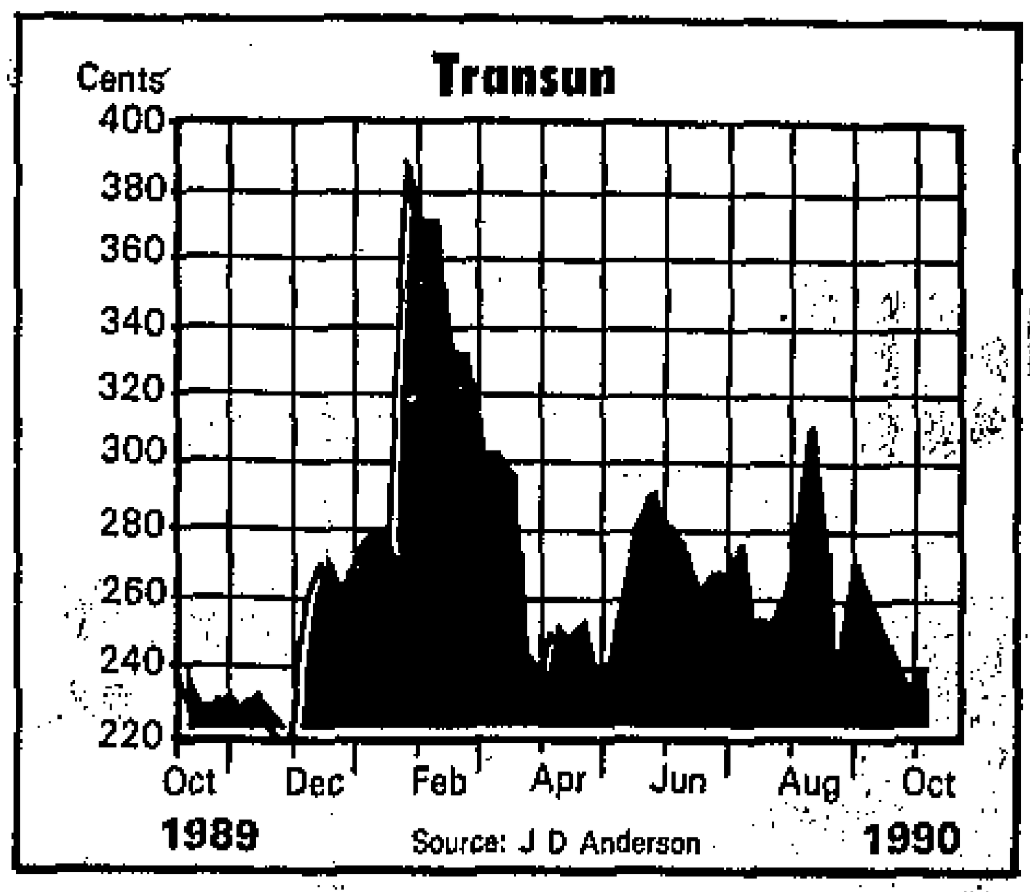
WILL IT SHINE?

(288)

Activities: *Owns and operates the Wild Coast Sun and other gambling outlets in the Transkei.*
Control: *Kersaf and ultimately Safren.*
Chairman: *K A Rosevear; MD: A Chiaranda.*
Capital structure: *145m ords. Market capitalisation: R340,8m.*
Share market: *Price: 235c. Yields: 10,9% on dividend; 14,5% earnings; PE ratio, 6,9; cover, 1,3. 12-month high, 425c; low, 190c. Trading volume last quarter, 488 000 shares.*

Year to June 30	'87	'88	'89	'90
ST debt (Rm)	3,5	3,2	—	—
LT debt (Rm)	14,5	38,0	38,4	38,4
Shareholders' interest	0,57	0,47	0,47	0,51
Return on cap (%) ..	27,1	28	30,1	25,9
Turnover (Rm)	81,5	116,7	145	163
Pre-int profit (Rm) ...	35,8	49,8	62,5	64
Pre-int margin (%) ..	44	42,7	43	39,2
Earnings (c)	22,8	26,1	31,1	34,1
Dividends (c)	19	20	23,5	26,5
Net worth (c)	51,8	58	67,9	86,3

Fewer day-trippers to the Wild Coast Sun and lower average spending hit results but haven't deterred the group from R100m ex-



pansion plans now that it has retained exclusive gambling rights in the northern region of Transkei until July 31 1998.

Operating profit rose just 2,5% to R64m. However, R5,3m interest received from large cash holdings helped push pre-tax profit up 9,8% to R69,2m, while attributable earnings rose 9,6% to R49,4m.

Though chairman Ken Rosevear expects little improvement in earnings this year, he says the group builds for the medium to long term, which "will place it in a good position for any resurgence in the economy."

He believes improvements to the road south from Durban, improving accessibility to the Wild Coast Sun, will encourage more day-trippers. Extended casino facilities and an additional 100 gaming machines will cater for them in the first phase of the expansion, due to be completed in December 1991. The second phase is related to hotel occupants, with an additional 150 cabana rooms planned for completion by December 1992.

The group has a strong balance sheet and plans to pay for the extended facilities with the help of R77,4m cash on hand. Rosevear says borrowings will fall, in line with the policy to restrict interest-bearing debt to 60% of shareholders' funds (now just over 30%). Rosevear also plans to maintain interest cover at no less than five times. In the light of the expansion plans, dividend cover will be increased from 1,3 times to 1,5 times. With little hope of earnings rising significantly short-term, this could mean pegged dividends this year.

Before legislation in March confirmed the gaming rights, Transun had put all expansion plans on hold. In exchange for the extension, Transun's five slot machine outlets, under the name of Transgames, will be closed in time, depending on when others complete casino facilities in those areas. Transgames contributed about R5m to earnings in the past year and the major outlets are expected to be in operation for at least the next three financial years.

Transun will be able to apply for gaming licences in the central and southern regions in competition with other applicants, on conditions still to be legislated.

Uncertainty over gambling rights in Transkei has caused the share to be rated poorly against other listed hotel groups on a p:e of 6,9 and yield of 10,9%. The share price, which was knocked from just under 400c in February, has battled to rise again since gambling legislation was passed in March. Prospects could be better medium than shorter term.

Heather Formby

Hotels facing a lean season

BDay 23/10/90 GERALD REILLY (288)

PRETORIA — The SA hotel industry was facing one of its leanest end of the year holiday periods, Fedhasa executve director Fred Thermann said yesterday.

Forward bookings at most hotels were weak and down on last year, he said. The sharp fuel price increase, the recession, and below average bonus payments and salary increases could add up to a below average season.

Coastal, inland and mountain resort hotels reported disappointing advance bookings. "Most regular Christmas period holidaymakers are feeling the pinch and this will be reflected in overall turnovers in the industry."

Thermann said many hotels were putting together attractive package deals in an effort to attract custom.

These applied mostly to the period between December 1 and December 21 before the seasonal peak was reached.

Average stays at hotels a few years ago were between seven and 14 days. They were now between five and seven days. It was hoped the expected increase in overseas tourists would materialise and help compensate for what looked like a poor season, Thermann said.

Business is booming at Drop-Inn — Berk

(288)

BDay 24/10/90

ACHMED KARIEM

LIQUOR distributor Drop-Inn has turned around its Benny Goldberg's operation which has resumed its profit contributions.

This enabled the company to post a 15,6% increase in after tax income R1,89m (R1,63m) in the six months to end-August in what were described as difficult trading conditions.

In the year to end-February Benny Goldberg's performance suffered from widespread thefts and a reduction in margins which had a severe impact on group income.

Executive chairman Sam Berk said one factor contributing to the "satisfactory" interim results was the restructuring of the executive management.

Sales to end August rose by 22,3% to R66,2m (R54,1m). This translated into earnings of 3,77c (3,26c). Dividends have been maintained at 1c a share, but dividend cover has increased to 3,77 times from 3,26.

Berk said yesterday business was booming and Drop-Inn had gained market share. He said a new buying trend was favouring beer and lesser priced products.

The group sold its properties to the Berk Family Trusts for R12,7m, a transaction which was subject to shareholders' approval.

Jo'burg a 'five-star' destination

B Day 24/10/90

(288)

MARIETTE DU PLESSIS

JOHANNESBURG was on the road to regaining its rightful place as SA's premier business and tourist destination, Anglo and De Beers chairman Julian Ogilvie Thompson said yesterday.

Speaking at the official opening of the Carlton Hotel's new R3,7m lobby, Ogilvie Thompson said more five-star overseas visitors would come to SA once sanctions were lifted.

One could assume SA's tourist industry remained largely unrealised and hotels like the Carlton could become the foreign exchange factories they ought to be.

The Carlton Centre project — now 18 years old — took 10 years to complete at a cost of about R18m, the equivalent of between R600m and R700m in today's terms.

In 1972 when the hotel opened, the Anglo American Corporation raised its holdings in the development to 80% by acquiring from SA Breweries its 45% interest for R10,8m in cash. Last year Anglo bought out the remaining outside interest so that the centre was wholly owned by Anglo American Properties (Amaprop) and Anglo American and was its largest single long-term property investment.

288

Star 24/10/90

Jo'burg 'ready for 5-star visitors'

By Adam Gordon

Johannesburg was poised to regain its rightful place as a premier business and tourist destination, Anglo American chairman Julian Ogilvie Thompson said at the official opening of the Carlton hotel's new R3,7 million lobby yesterday.

"As surely as sanctions are on their way out, five-star visitors are on their way in," he said.

This marked the emergence of Johannesburg as a modern international metropolis, he told a gathering of about 200 guests.

He said the fact that Spain earned more from tourism than South Africa did from its gold mines suggested that the tourist industry remained largely unrealised in this country.

The R3,7 million world-class foyer revamp would help the Carlton and others like it become "foreign-exchange factories".

The Carlton Centre, built in 1972, was Anglo American's largest single long-term property investment. It probably remained the most ambitious attempt to address what he termed "the urban failings" of the central business district.

However, Anglo American's participation in urban renewal was not confined to the Carlton, Mr Ogilvie Thompson said. Anglo American Property Services was pursuing the redevelopment of Newtown with the Johannesburg municipality.

"We hope these important initiatives in urban renewal will also be allowed to unfold," he said.

Anglo American's previous chairman, Harry Oppenheimer, opened the original Carlton lobby in 1972.

Julian Ogilvie Thompson

Worker-owned hotel will provide jobs for returning exiles

W/Mail 26/10 - 1/11/90

By MONDLI MAKHANYA

A WORKER-OWNED hotel which will provide more than 800 jobs — including for returning exiles — is being built in East London.

The R50-million project, the first co-operative venture of this size outside the agricultural sector, is the brainchild of Comrades for Christ (CFC), a worker-orientated Christian organisation which runs social upliftment programmes.

The proposed hotel and conference centre is to be built on the site of the King's Hotel. CFC executive member Barend Schuitema said a loan for the project would come from a Swiss banker.

The co-op will provide 350 jobs during the construction period and after completion of the project, due in November 1991, qualified and experienced hotel staff will be hired and part of their function will be to "train people interested in entering the catering industry". Up to 800 jobs will be provided once the project is completed.

288

Schuitema said although CFC had initially earmarked returnees as potential employees, the need to provide employment for local people would take precedence.

East London mayor John Badernhorst gave a tacit welcome to the project: "For the sake of East London it is important for the centre to be completed. I am however pessimistic about the latest financial venture by the African National Congress."

27/10/90 W/C Argus 27/10/90 (288)

'Free Robben Island . . .'

Return it to the people for tourism, says minister

THE Minister of Tourism Mr Kent Durr has reaffirmed his strong commitment to transforming Robben Island into a world-class tourist attraction, which would bring an enormous boost to the Cape's tourist potential.

In a letter to Mr Nick Malherbe, a member of the group seeking to develop the island, Mr Durr said: "I never let a moment pass without keeping at the Minister of Justice to return the island to the people. Now, as Minister of Tourism, I not only retain the wish but feel a sense of duty."

Mr Durr has been pushing in Parliament since 1983 for the tourist development of Robben Island. The continuing release of prisoners from the island has given his fight fresh impetus.

History buff Mr Malherbe is just as dedicated to the cause. If the ebullient Cape Town businessman has his way, South Africans will be emulating the Australians in turning a convict island into a conservation paradise.

Mr Malherbe is a member of the Future of Robben Island Committee — established to promote development of the island as a tasteful tourist destination. His dearest wish is to wave goodbye to the Prisons Department and get moving on the committee's plan of action.

The committee hopes control of the 507 ha island, 10 km off Cape Town, will be handed to the National Parks Board, which will scientifically control the land and sea environments.

The National Monuments Council is already seeking to have the historic island buildings and the wreck-rich surrounding waters declared a conservation area.

Both Mr Durr and Mr Malherbe have given the thumbs down to previous suggestions that a casino could be built on the island.

The Future of Robben Island Committee — which has representatives from the Chamber of Commerce, Cape Town City Council, Captour and the private and business sectors — wants the almost immediate introduction of controlled trips for day visitors plus limited overnight accommodation in the pretty Victorian buildings which, thanks to the Public Works Department, are in excellent and unspoiled condition.

Nick Malherbe of the Future of Robben Island Committee believes Robben Island's development is a treasure trove.

Reports:
JANIS FRASER
Weekend Argus

With the first phase underway, there will be breathing space to carefully plan a full-scale tourist resort, in tune with Cape Town's Victoria and Alfred dock development. The historic buildings on Robben Island — some with a grim but fascinating history — certainly lend themselves to conversion.

Australian idea

There is a Victorian parsonage, a male leper church and cemetery designed by Sir Herbert Baker, a female mental asylum dating back to the Victorian era, along with houses ranging from terraces to the Commissioner's Residency, all built in the last century — the earliest remaining building is the medical superintendent's house of 1841.

The prison, says Mr Malherbe, could easily be converted into an hotel; the cells refurbished as en-suite rooms. There's bound to be a certain cachet in renting the room of illustrious previous inmates.

The idea for the tasteful tranformation of Robben Island came to Nick Malherbe in 1979 on a trip to Australia.

He spent a holiday on Rottnest Island, off Perth, which has a climate, vegetation and history similar to its South African counterpart. The more interesting similarity is that Rottest Island served as a prison during the 19th century, but was taken over as a tourist resort by the Western Australian Tourist Commission in 1922.

Since then it has been developed into a tourist and conservation area on strict lines. Historic buildings have been preserved, only bicyles — for hire on the island — are allowed and the number of visitors is controlled.

There are facilities for swimming, fishing, walking, cycling, jogging, scuba diving, yachting, boating and windsurfing. Historical walks, birdwatching and underwater wreck trails are organised — all there for the taking on Robben Island, Mr Malherbe points out.

From 'cannibals' to sheep to convicts

HE Future of Robben Island Committee has compiled a chronicle of te island's historical milestones, which makes fascinating reading ad at the same time shows why the oly inhabitable island off South Afra's coast is still unknown to the rajority of the country's population.

The island has served many purpse over the centuries, says Mr Nck Malherbe of the Future of Robben Island Committee. Now it's time fr another function; one which will oen it up as one of the country's pime tourist attractions.

188: Jao del Infante, sailing with Bartholomew Dias, goes ashore for penguins, seals, eggs and tortoises.

497: To avoid "cannibals" on the mainland (letter from from Vasco da Gama to Anthonia de Saldanha in 503), the Portuguese attempt to establish a settlement on the island.

1510: D'Almeida Franchisco killed by Hottentots and after that the Portuguese bypass the Cape.

1591: Sir James Lancaster and Admiral Raymond land on the island, leaving sheep.

1601: Joris van Spilbergen lands and renames it Isla de Cornelia (after his mother). He leaves dassies from Dassen Island.

1609: William Keeling gets six "fattest sheep I have ever seen" from the island.

1611: John Saris collects letters left under a Post Office Stone.

1615: King James I orders 19 convicts, under leader Crosse, to be left on the island. Many convicts and mutineers follow.

1648: Jan Anton van Riebeeck visits the Cape and recommends a victualling station be established on the island.

1652: The island is a constant provider of penguins, eggs and seals for the Cape settlement. Six sheep left to multiply and by 10 months lambs weigh 77kg. The island provides safe storage for mainland livestock which would otherwise be stolen.

1654: First preservation of wildlife charter to control the island's birds and fauna. Corporal Marcus Robbeljaert first island overseer.

1655: Pigs, rabbits and hares put ashore by passing ships.

1657: Jan Wouterson banished to island. Four hundred sheep counted. First lighthouse built.

1658: First cannons mounted. Prisoners quarry and make lime.

1700: Political exiles from Batavia to Robben Island, including King of Madura.

1772: Captain James Cook visits and takes many rabbits on board — South Africa's legacy to Australia.

1806: John Murray obtains licence to establish whaling. African prisoners of war and chiefs banished to island.

1807: First superintendent of convicts appointed.

1819: First commander appointed.

1833: Commander's house, officers' and soldiers' barracks built, also bakery, butcher and blacksmithy and communal cells for 200, plus five single cells.

1834: John Montague, secretary to the government, proposes that convicts be returned to mainland as labourers and be replaced by "lepers, lunatics and paupers". Accepted.

1864: Lighthouse on Minto Hill constructed.

1892: Eighteen-inch gauge tramway built from boathouse to quarry.

1893: Dog quarantine station established.

1896: Faure pier built.

1913: Proposal to move mental patients accepted.

1920: Two thousand people on island.

1931: Lepers removed to Pretoria, wards razed. Island now solitary home of lighthouse keeper and family.

1939: World War 2. Department of Defence prepares island as a fortress. Murray Bay harbour and airfield constructed. Gun emplacements built.

1952: SA Navy takes over SS Robbeneiland.

1965: SA Prisons Department takes over.

1991? Becomes world-class tourist resort?

International tour operators back for a look

By Tom Hood Star 30/10/90 288

CAPE TOWN — Many international tour operators who have not been seen in South Africa for 14 years are starting to show their faces again, says Otto Stehlik, chairman of Protea Hospitality Corporation.

International tours stopped almost overnight after the 1975 Soweto riots and had not come back, he said.

Nevertheless, a drop in domestic hotel business caused by the recession had been compensated by international use.

South Africa had been taken out of all the major tour operators' programmes and virtually no overseas travel agent featured this country.

However, when tourists returned they were less likely than before to stay in hotels.

"We believe there is a huge international market for self-catering accommodation.

"In the United States people on holiday stay at apartments and if they know there is a structure in South Africa for this accommodation they might be more willing to come."

The international market formed part of the thinking of Protea's subsidiary, Places, which specialised in self-catering accommodation.

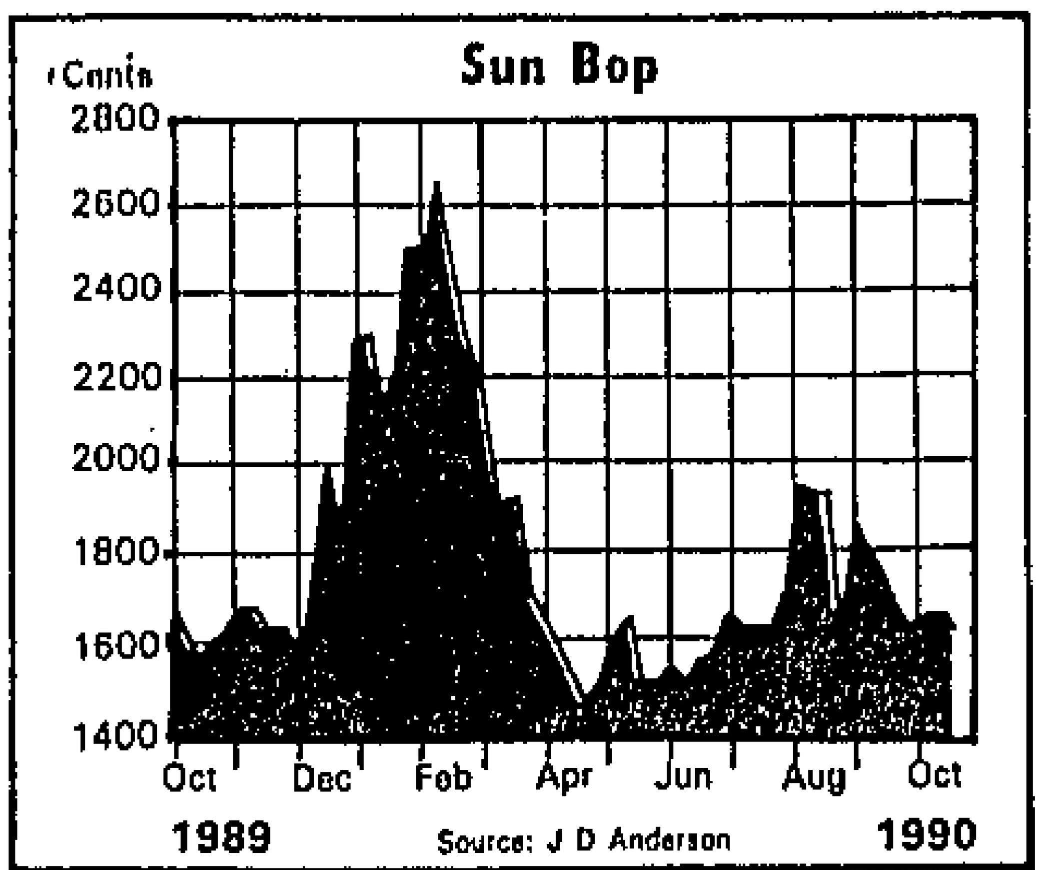
A spokesman for Skyway Tours confirmed that four chartered air flights would bring about 1 250 people from Britain in December.

They would land in Cape Town and go on to Johannesburg. On the return leg they would start in Johannesburg and pick up passengers in Cape Town.

SUNBOP ([redacted]) (288) FM 2/11/90

SHINING THROUGH

Sun International Bophuthatswana (Sunbop)'s large cash resources (R223m at year-end, with total borrowings of only R30m) will be depleted this year and borrowings are expected to increase to fund its R1bn expansion plans. Deputy chairman Ken Rosevear says cash on hand and large cash flows will fund initial expansion phases for the R650m



FM 2/11/90

Activities: *Leisure and tourism in Bophuthatswana.* ([redacted]) (288)

Control: *Ultimately by Safren, through Kersaf.*

Chairman: *S Kerzner; MD: P H Wagner.*

Capital structure: *108m ords. Market capitalisation: R1,8bn.*

Share market: *Price: 1 650c. Yields: 6,6% on dividend; 8,8% on earnings; p:e ratio, 11,4; cover, 5,9. 12-month high, R28; low, R14. Trading volume last quarter, 290 000 shares.*

Year to June	'87	'88	'89	'90
ST debt (Rm)	7,8	7,8	7,8	—
LT debt (Rm)	40,6	49,8	44	30
Shareholders' interest	0,67	0,59	0,55	0,57
Return on cap (%)	11,6	20,5	23,5	24,2
Turnover (Rm)	210	348	499	627
Pre-int profit (Rm)	44,6	105,9	159,2	190,5
Pre-int margin (%)	21,3	30,4	31,9	30,4
Earnings (c)	35,1	63,3	105,6	145,2
Dividends (c)	27	47	78,5	108
Net worth (c)	213	225	317	392

FM 2/11/90 ([redacted]) (288)

Lost City project and R350m Babelegi resort. Borrowings will be resorted to "particularly in temporary low periods of cash flow" — when dividend payments are made, for example. But he says borrowings will stay below the 50% self-imposed gearing limit.

Generous tax allowances

Relatively low gearing is possible despite such expansion because of large cash flows and Bophuthatswana's generous tax allowances to encourage the development of resorts and hotels — likely to be worth around R300m to SunBop over five years. Benefits were already felt in the 1990 financial year as the effective tax rate fell from 40% to 30%. Continuing capex included extensions to Marula Sun and the new Tlhabane Sun.

A cut in interest income as a result of lower cash resources will probably be offset by lower tax this year. Rosevear expects sustained real growth, though not at recent heady rates. Concern has been expressed about the new SA and laws that might allow gaming throughout the country, but chairman Sol Kerzner says the industry "should follow the trend established overseas with casino licences likely to be issued in a controlled and responsible manner."

The new developments are likely to come on stream towards the end of the recessionary period. And perhaps by then foreign tourism will have risen further. Long-term

FM 2/11/90 ([redacted]) (288)

prospects are full of ifs and buts but if one is optimistic about the new SA, the group could have exciting prospects. *Heather Formby*

Star 5/11/90 (288) SP

Sea filthy, Cape tourists warned

Own Correspondent

CAPE TOWN — Top travel writer T V Bulpin has caused an uproar by suggesting that prospective holidaymakers to the Cape stay at home rather than risk swimming in the polluted waters of False Bay.

As the battle between Durban and Cape Town hots up for the wallets of land-locked holidaymakers, the writer has infuriated the Cape tourist trade with his outspoken views.

Despite pleas not to "rock the boat", Bulpin has publicly come out and condemned the sluggish attitude of the authorities to the pollution problem.

His reasoning is that the municipality and other bodies will clean up their act only if they are punched where it hurts — in their pockets. And a blow to the upcoming summer season could do just that.

In a letter to a local newspaper, he said deserted beaches and empty hotels might be the only way to get the authorities to stop treating the sea as a sewer and get them to spend money on purifying the Peninsula's waste.

He wrote: "Perhaps the most positive thing that could happen would be to advise prospective holidaymakers, including the much-maligned Transvaalers, to stay at home, save petrol and spare themselves from being killed on the roads or poisoned in False Bay."

Swimmers could be endangering their health by taking to the dirty water of Muizenberg or Fish Hoek, he said. Perhaps the authorities would respond only if they were sued by members of the public on the grounds that they had picked up infections from the filthy sea.

Apart from the sewage and effluent that poured into False Bay, there were also stormwater drains "loaded with pure street dirt of dog and human faeces, bacteria, bugs, microbes, consumptive spit and a vast concentration of other nastinesses", said Bulpin.

A look at the laboratory analysis of water that children swam in was "enough to make you puke".

"Whatever happened to the pristine Mozambique-Agulhas current on its way down the coast to the south?

"The answer is that it got filthed up. It reached its terminal point in False Bay and found that man regarded it as a sewage disposal unit."

Unlike Natal's beaches, where the current pulls out to sea — as many a swimmer has found — the more slothful Cape waters drag along the coast, collecting additional garbage on the way.

In False Bay, where there are 70 major outfalls, it has earned itself the reputation as "one of the most polluted portions of the sea to be found anywhere on Earth".

That statement was made by Professor Alec Brown of the University of Cape Town, who has found that sea urchins in Gordon's Bay are no longer breeding.

Jo'burg industrial rentals are in levelling off phase

INDUSTRIAL rentals and land values around Johannesburg are levelling off, according to the latest Russell Marriott & Boyd Trust (RMBT) property guide.

"In Johannesburg, values for most areas remain unchanged since June and notable declines have been detected in older, less attractive areas," the guide says.

"In those areas land and rental values are now correcting to market levels after being artificially swept up in the last two years by the wave of demand in better quality areas."

However, in areas such as Kramerville and City West, where the supply is still limited and demand steady, values have increased.

Where industrial land has been released in areas of short supply — around the M2 strip and Eastgate for example — prices have risen by up to 11% to about R170/m² in the last quarter.

Investment yields for industrial property have risen to 11%-13%.

High interest rates have made it more attractive for developers to sell and lease back their properties.

In Cape Town there is a short supply of good quality warehouses and factories, especially in the 500m² to 1 500m² range, but RMBT says the demand for rented space has dropped because of the coming Christmas break, political uncertainty and the economic downturn.

Land prices in Cape Town have stabilised but RMBT expects these will rise rapidly once the economy and confidence improves, because there is a shortage of good land.

In Durban, there is a shortage of centrally-situated A-grade premises although there are more B-grade premises available and their rentals are negotiable. Because land is in short supply, land prices are not affected.

The investment market there has eased slightly. Capitalisation interest rates are up 5% on average.

UBS details average house's cost

B Day 7/11/90

THE United Building Society's quarterly housing review reports that the average price of a medium-sized house is about R106 000, which may surprise Johannesburg residents.

Property advertisements show that prices of three-bedroomed houses with few trimmings in the PWV area start at R140 00 to R150 000.

Most of the advertised houses go for R300 000 to R400 000 and there is a bracket of R1m to R2m.

But UBS chief economist Hans Falkena points out that the data used in the survey is "smoothed" to allow for seasonal changes in the market and variations between respondents.

He says on the raw data the average price for a medium-sized house of 140m² to 220m² in Johannesburg is about R138 000, but only 13% of the medium-sized houses in the survey are in the Johannesburg area and 8% are in Pretoria.

Institute of Estate Agents president Dave Miller says the figures are representative of the market for houses in SA as a whole.

"You can get houses for less than R100 000 on the East and West Rand. In Maritzburg a medium-sized house costs R50 000 to R80 000.

"Johannesburg is the most expensive area in the country."

Cape homes 'are cheaper than hotels'

A FAMILY can save money by renting a home for a holiday instead of staying in a hotel, says Holiday Booking Service: Cape MD André Jankowitz. (288)

He says his service is not in direct competition with the hotel industry, whose market is more the businessman, single traveller or elderly tourist.

"Renting a house is purely aimed at the family — mom, dad and the kids and perhaps the grandparents and a cousin — who want privacy and the feeling of being at home."

If the holiday home rental service has a competitor it is the timeshare industry. Holiday Booking Service is aimed at families who do not want to be tied into a timeshare purchase.

Jankowitz — previously a systems analyst — started his organisation a year ago and says the supply of and demand for rented family accommodation in Cape Town has been very good.

His company has about 200 flats, houses and cottages on its books ranging from R55 a day to R1 500 a day. The rates depend on size, area and grading.

For example, a flat in Camps Bay with sea views which sleeps two and is graded one costs R55 a day whereas a four-bedroomed house in Bantry Bay with sea view, jacuzzi, trampoline and sauna graded five costs R1 500 a day.

Jankowitz says each grade is similar to the star hotel grading system. The company inspects all accommodation and then grades it. B Day 7/11/90

As far as possible the service has kept its rates at the same level as in 1989.

SS

Thirst for beer boosts SAB profit by R28m

By TOM HOOD, Argus 8/11/82
Business Editor

THIRSTY beer drinkers provided an extra R28 million profit for SA Breweries in the six months to September.

The growing population helped to lift sales by 11 percent, according to the beer giant, which claimed today its product is increasing its share of the total drinks market.

Agressive

But SAB also used what it calls "aggressive advertising, promotions, keen pricing and good management" to get people to drink more beer.

Profit from beer jumped by 17 percent to R140 million and accounted for 65 percent of the group's total earnings of R214 million.

This happened while consumer spending elsewhere is falling as the recession deepens.

The beer boom also helped to put R258 million into the pockets of shareholders. The interim dividend was raised 20 percent from 25c to 30c a share and gave them R45 million more than last year's interim payout.

Almost R1,8 billion is to be spent in the current year to cope with the country's growing thirst, most of it going on brewery expansions and new plant.

Group turnover jumped by more than R1 billion or 19 percent to R6 890 million, with trading profit up 23 percent to R584 million.

Profit margins increased to 8,47 percent from 8,2 percent, which chairman Mr Meyer Kahn said was due to increased operating efficiencies and stringent overhead controls.

Associated Beverage Industries, Edgars and the international operations were close seconds to beer in performance.

Southern Sun, which from September became a wholly owned subsidiary, did poorly by Mr Khan's standards, however.

Unrest led to a reduction in the number of tourists. The local downturn knocked domestic activity. Moreover, seasonal factors always dampen Southern Sun's first-half performance, he said.

Against a background of sociopolitical turbulence, high interest rates and a deteriorating economy, he said the results from Da Gama and Afcol were good.

"Amrel's earnings reflected a formidable performance, given that it provides for deferred tax on a fully comprehensive basis.

"OK faced very difficult circumstances and in view of the boycotts and the weak economy, it performed well."

Given the steady deterioration of the economy, Mr Kahn believes second-half growth will be well below what was achieved in the first six months.

But he says there will be reasonable growth for the full year.

COMPANIES

FM 9/11/90

SAFREN

Activities: *Shipping, transport and (through Kersaf) gaming and other leisure-related industries.*

Control: *Old Mutual holds at least 41%.*

Chairman: *G A Macmillan; Chief executive: D A Hawton.*

Capital structure: *53,4m ords. Market capitalisation: R1,8bn.*

Share market: *Price: R33,75. Yields: 6,2% on dividend; 14,4% on earnings; p:e ratio, 6,9; cover, 2,3. 12-month high, R51; low, R30. Trading volume last quarter, 380 000 shares.*

Year to June	'87	'88	'89	'90
ST debt (Rm)	29,6	167,1	34,1	21,5
LT debt (Rm)	650,7	716,4	690,0	732,7
Debt:equity ratio	0,37	0,40	0,22	0,003
Shareholders' interest	0,44	0,38	0,41	0,41
Int & leasing cover .	7,3	9,0	12,1	76,5
Return on cap (%) ..	11,2	14,1	18,5	17,9
Turnover (Rbn)	2,1	2,8	3,7	4,0
Pre-int profit (Rm) ...	283	437	643	735
Pre-int margin (%) ..	18,4	15,5	17,5	18,2
Earnings (c)	225	293	411	487
Dividends (c)	110	136	180	210
Net worth (c)	1 174	1 179	1 448	1 742

KERSAF / 288

Activities: *Leisure interests including hotels and casinos, cinemas, restaurants, sporting goods and liquor.*

Control: *Safren owns 76%.*

Executive chairman: *D A Hawton.*

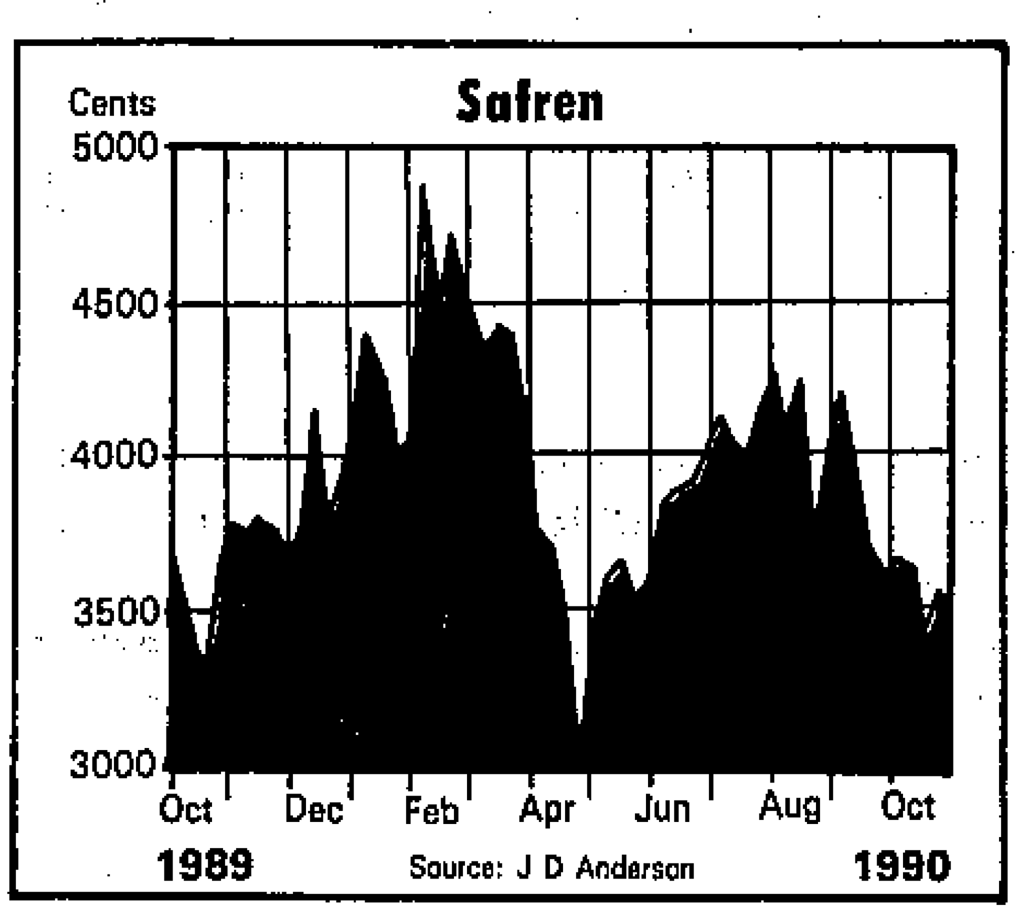
Capital structure: *75m ords. Market capitalisation: R1,46m.*

Share market: *Price: R18,50. Yields: 6,3% on dividend; 10,1% on earnings; p:e ratio, 9,9; cover, 1,6. 12-month high, R27; low, R15. Trading volume last quarter, 280 000 shares.*

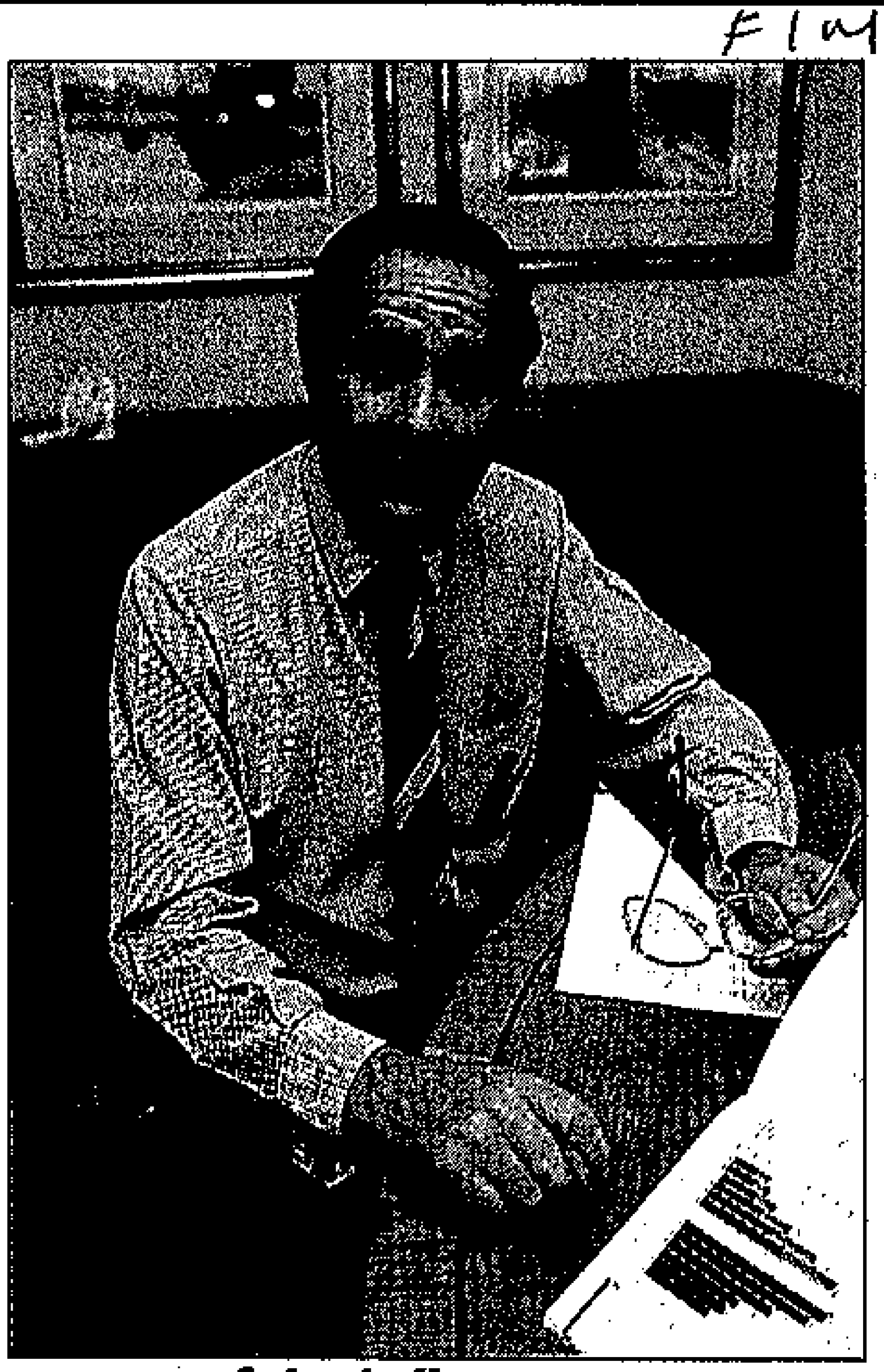
Year to June	'87	'88	'89	'90
ST debt (Rm)	22,3	67,2	121,4	74,3
LT debt (Rm)	70,9	170,3	103,0	126,7
Shareholders' interest	0,75	0,62	0,55	0,56
Int & leasing cover .	117,6	791,4	68,2	n/a
Return on cap (%) ..	13,2	18,1	19,6	21,0
Turnover (Rm)	623	948	1 309	1 554
Pre-int profit (Rm) ...	144,3	251,0	357,4	436,6
Pre-int margin (%) ..	22,9	26,4	27,3	28,1
Earnings (c)	81,6	110,0	154	187
Dividends (c)	52	70	96	116
Net worth (c)	624	595	687	757

diversified Safren.

True, Kersaf is a significant part of Safren. It accounts for 41% of group earnings, while Safren's dividends from this source cover about 60% of its own distribution. At the same time, however, it would be short-sighted to ignore Safren's other divisions, which have shown greater resilience to the downturn in the economy than has the far



FM 9/11/90



Safren's Hawton ...
will benefit from rejoining the world

288

more glamorous Kersaf, which has been worse affected by the unrest.

Whereas Kersaf saw first-half growth of 29% shrink to 16% in the second half, the Safren group as a whole remained on an even keel, indicating that other interests chipped in proportionately more as the year progressed. This appears to apply particularly to Rennies, where attributable earnings rose 31% over the year, against Safmarine's 16%.

The significance of Safmarine and Rennies is that these two sub-groups probably stand to benefit far more than Kersaf in the long run from political developments. As SA rejoins the world and sanctions are lifted, they cannot but benefit from improved opportunities for trade.

SAFREN'S SOURCES

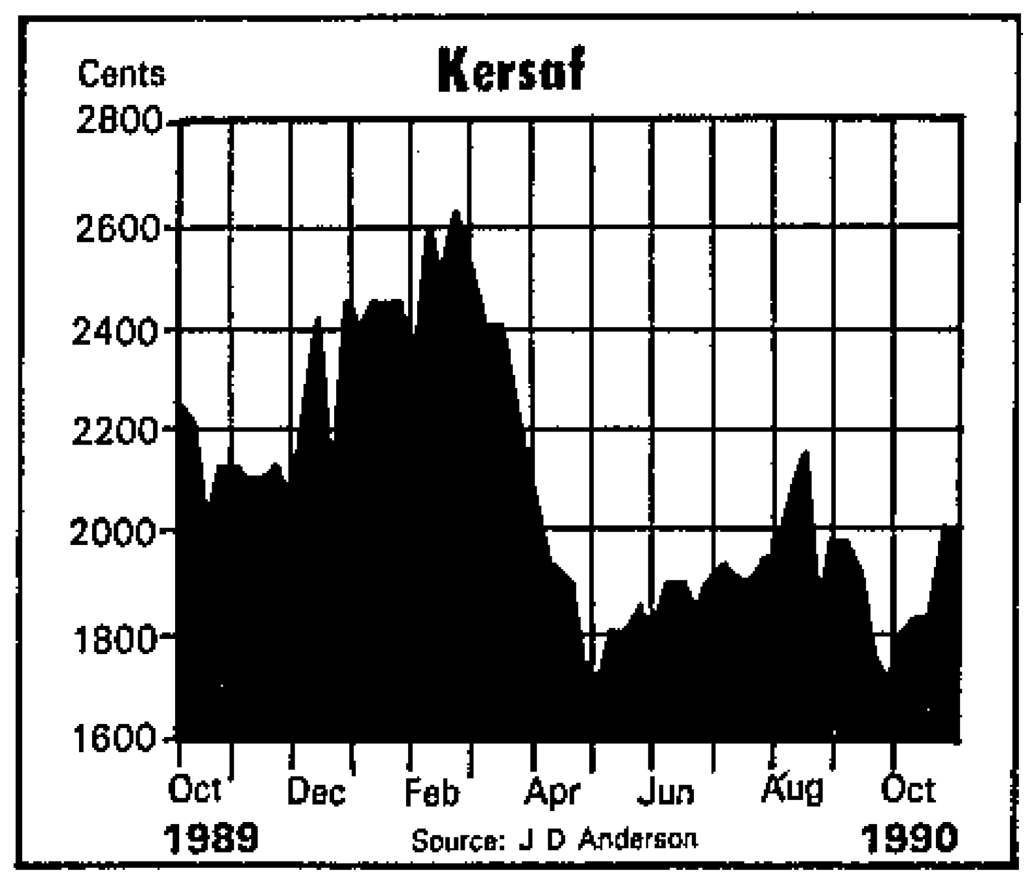
	1989 Rm	%	1990 Rm	%
Safmarine	97,1	45	112,5	43
Kersaf	87,5	40	106,4	41
Rennies	26,6	12	34,8	14
Other	5,7	3	5,4	2

So, too, will Kersaf, particularly in opportunities for developing its offshore interests. But there may be an offset from domestic political developments — re-incorporation of the TBVC states would almost certainly put a lid on the granting of new gaming licences and the domestic industry could, consequently, become mature virtually overnight.

Such thoughts may in fact have contributed to Sun International's decision to spend well over R1bn on expansion over a relatively short period. This includes further extensions to Sun City (R650m), another casino resort at Babelegi in Bophuthatswana (R350m) and expansion of the Wild Coast Sun in Transkei (R100m), all due for completion by the end of financial 1993.

Kersaf is confident that it can finance this without exceeding its self-imposed gearing limits (a debt:equity ratio not exceeding 60% and interest cover of at least five times). Nor is there any reason to doubt this view — cash flow alone (approaching R400m annually) is likely to exceed the cost of the programme spread over three years, in addition to which the group has borrowing capacity of at least R400m at current interest rates. This still does not take into account net cash balances of R161m at June 30. 288

To summarise, Kersaf seems to have both the will and means to complete its expansion programme without undue strain. Profitwise, it needs — as do most companies — a more settled political environment and a growing economy before its own growth is likely to return to the 30%-40% of previous years; but even in current conditions its performance during the second half of financial 1990 suggests that keeping pace with inflation is not an impossible target.



Even if the market chooses to place question marks over Kersaf, it should at least recognise that the perceived risks are diluted in Safren which should, accordingly, enjoy a better market rating. The fact that both companies are tarred with the same brush to the same degree raises the question whether investors are not voting with their feet instead of their heads. *Brian Thompson*

SAFREN/KERSAF FM 9/11/90

A PRETTY PARADOX

288

There is something paradoxical about Safren and Kersaf at the moment. Despite excellent growth, which has seen EPS in each case compound at more than 30% annually for the past five years, dividend yields of around 6,2% (versus an industrial average of just over 4%) are a clear indication that investor sentiment is anything but positive.

Such ratings would be justified were there signs that profits might not be maintained. Instead, both companies forecast further growth this year, even though trading conditions are likely to remain tough.

Kersaf's image problem can almost certainly be traced back to the management upheaval within the Sun International subgroup towards the end of 1989 and subsequent speculation about SunBop's position. But that does not adequately explain the equally depressed rating of the more widely

Businessmen blamed for fun city's fading fortunes

288

S/Times 11/11/90

By RYAN CRESSWELL

DURBAN mayor Jan Venter has slammed the local hotel industry, publicity association and businessmen for not paying more toward promoting the city.

Last month local hotels reported Christmas bookings were 30 percent down on previous years.

Almost immediately, a strong faction in the city criticised the council for not giving enough promotion money to the Durban Publicity Association, which is a private company. The faction included Fedhasa, former mayor Henry Klotz and the DPA itself.

This week Mr Venter said: "I would like to ask what the DPA has done to raise the extra revenue it requires to market Durban. Furthermore, what is commerce and industry doing? How much did Fedhasa give the DPA?

"These are the bodies that really benefit from a good holiday season."

He pointed out the DPA had received R1,6-million from the council to market the city.

He said the council would spend more than R5-million this financial year on promoting the city.

Mr Venter also claimed Durban would not have as bad a holiday season as some experts were predicting.

"People are making this assumption on the basis that hotel bookings are down. The fact is demand in certain sectors — such as holiday letting, self-catering and timeshare accommodation — is as strong as ever. There is also an indication that hotel bookings will pick up later. Let's wait and see," he said.

DPA managing director Frank Vincent said his company did not want to argue with the mayor because the council was its biggest client.

But he claimed the DPA raised about the same as the council allocated to it for promotions each year.

"Last financial year the council gave us R1,2-million and our overheads were R2,5-million.

"Fedhasa also does what it can. It helps not only with cash, but also in kind. For example, they have promised to reduce the rates in some hotels during the Fish Week promotion to those of 10 years ago."

A tagged fish will be released in Durban Bay on December 7 and anyone who catches it will get R500 000.

Mr Vincent said commerce and industry were always willing to help with promotions.

Fedhasa spokesmen did not return repeated calls from the Sunday Times this week.

● Bookings at hotels and resorts on the south and north coasts are up on last year.

288 C/Press 11/11/90

CITY PRESS

WE WERE RIPPED OFF

By COLETTE CAINE

ANGRY *City Press* readers complain that they are being tricked into buying timeshare holidays.

But broken promises, huge debts and threats of legal action are all that several dissatisfied clients have to show for responding to timeshare promotions.

In what appears to be a major marketing thrust directed at black clients in Johannesburg, at least two timeshare companies are employing black telephone canvassers to phone black people, telling them they have won big prizes.

The "winners" are told they have to attend a special meeting to get their prizes.

No mention is made of the prizes being conditional on buying timeshare. In fact, no mention is made of timeshare at all.

Timeshare 'winners' coaxed into deals

At the meeting – which turns out to be a festive affair complete with video promotions of holiday resorts and champagne – the "winners" eventually find out the reason they're there is to buy timeshare holidays – at anything between R7 000 and R30 000 (and upwards) for a week-long holiday.

Some clients sign for the timeshare because they get the impression they will not get their prizes unless they do. But the only thing buying the timeshare entitles the unsuspecting clients to is a chance to win the prizes.

Following readers' complaints, *City Press* phoned Cape Share to enquire about their promotional meetings.

Posing as the wife of a winner, our reporter asked whether the meeting was about selling timeshare. The question was avoided and she was told everything would be explained at the meeting.

She asked whether any money was involved and again was told everything would be explained at the meeting. She was urged to attend with her husband – and to make sure they both brought their identity books.

She asked why they needed ID and whether they would have to sign anything, and was again told everything would be explained at the meeting.

She was told that her name had been chosen by the computer as a winner of one of the following prizes: a Fiat Uno, a holiday in Mauritius for two, a R1 000 unit trust certificate, a 51cm National colour TV, a R100 Edgars voucher and a pack of super grade lamb. She was told she had to attend a meeting to see which prize she'd won.

Two *City Press* reporters joined about 10 other couples watching videos of holiday resorts in Natal and the Eastern Transvaal. Each couple was led into an office by a salesman who revealed the promotions were for timeshare holidays.

After filling in forms to buy timeshare, the reporters drew their prize – a pack of lamb. But they were told the butcher hadn't delivered, so they couldn't get it.

They got the impression several deals were signed that afternoon. Every time a contract was signed a bottle of champagne was opened – and there was a lot of cork-

Firms deny they misled with bubbly, prizes

SOWETO sales representative Greenland Zwedala claims he was told by an employee of Cape Share that his wife had won a Ford Sapphire car – and that to collect their prize they had to attend a meeting at Cape Share's Aeroton offices.

No mention of the prize being conditional on buying timeshare was made until Zwedala and his wife were at the promotional meeting, the couple claim.

"When we got to the meeting, we realised we had to buy a timeshare holiday in order to get the car, so we signed for R19 000 at the Blue Lagoon Hotel in Natal," Zwedala told *City Press*.

"I still thought it was a bargain because I intended to sell the car and use the proceeds to pay for the timeshare. I would still h... ...

Lerato Mashifane and Janna Kay ... off to New York for the One Child, One World summit. Lerato's message was a winner.

Prof cries, walks free

TRANSKEI University's dean of education, Prof S Ngubentombi, slumped into the dock and cried quietly when the Transkei Supreme Court found him not guilty this week of murdering his wife ...

Ngubentombi R250 for illegal possession of a firearm and ammunition.

Evidence before the court was that Ngubentombi acquired a gun for self-defence and had ...

given it to her in case she needed it. He feared the two might hatch a plot against him.

Beck said psychiatric evidence confirmed Ngu...

Boy, 13, guilty of murdering 'witch'

A 13-YEAR-OLD boy is to receive six lashes and five co-accused were given varying jail terms this week after the Venda Supreme Court found them guilty of murdering an alleged witch and setting her alight.

... stances as the accused had acted as part of an excited mob.

But the judge also ...

Leslie Nemurongoni, 31, was sentenced to se... en years imprisonment, while Shumani Tshitw...

and R30 000 (and upwards) for a week-long holiday.

Some clients sign for the timeshare because they get the impression they will not get their prizes unless they do. But the only thing buying the timeshare entitles the unsuspecting clients to is a chance to win the prizes.

Following readers' complaints, *City Press* phoned Cape Share to en-

winner, our reporter asked whether the meeting was about selling timeshare. The question was avoided and she was told everything would be explained at the meeting.

She asked whether any money was involved and again was told everything would be explained at the meeting. She was urged to attend with her husband – and to make sure they both brought their

anything, and was again told everything would be explained at the meeting.

She was told that her name had been chosen by the computer as a winner of one of the following prizes: a Fiat Uno, a holiday in Mauritius for two, a R1 000 unit trust certificate, a 51cm National colour TV, a R100 Edgars voucher and a pack of super grade lamb. She was told she had to attend a meeting to see which prize she'd won.

Two *City Press* reporters joined about 10 other couples watching videos of holiday resorts in Natal and the Eastern Transvaal. Each couple was led into an office by a salesman who revealed the promotions were for timeshare holidays.

After filling in forms to buy timeshare, the reporters drew their prize – a pack of lamb. But they were told the butcher hadn't delivered, so they couldn't get it.

They got the impression several deals were signed that afternoon. Every time a contract was signed a bottle of champagne was opened – and there was a lot of cork-popping.

Firms deny they misled with bubbly, prizes

SOWETO sales representative Greenland Zwedala claims he was told by an employee of Cape Share that his wife had won a Ford Sapphire car – and that to collect their prize they had to attend a meeting at Cape Share's Aeroton offices.

No mention of the prize being conditional on buying timeshare was made until Zwedala and his wife were at the promotional meeting, the couple claim.

"When we got to the meeting, we realised we had to buy a timeshare holiday in order to get the car, so we signed for R19 000 at the Blue Lagoon Hotel in Natal," Zwedala told *City Press*.

"I still thought it was a bargain because I intended to sell the car and use the proceeds to pay for the timeshare. I would still have had about R12 000," he explained.

"But after signing, we realised we were not going to get the car at all. I even took friends with me to Cape Share's offices so they could drive my old car home while I drove the Sapphire," he said.

Cape Share's Aeroton branch manager Stephen Flowerday denied the Zwedalas had been misled into believing they had definitely won a car, but when Zwedala's employer approached Cape Share, the company cancelled the contract, saying information supplied by Zwedala was incorrect.

He said the term "timeshare" was not mentioned in the telesales presentation because the term "holiday ownership" was now used.

Greeenland Zwedala ... told his wife had won a Ford Sapphire.

■ Finding themselves in the same boat, Hillbrow couple, Vincent Motimela and Petunia Dladla, thought they had won a holiday in Mauritius when they were invited to a timeshare promotion by Leisure Life International at the company's plush Dunkeld offices.

They claim no mention of buying timeshare was made.

The unemployed couple said they had been plied with so much champagne by the time they bought a week's holiday for R7 000, that they didn't know what they were signing.

Once they had signed, they realised they had not won a holiday in Mauritius at all – they had bought one they couldn't afford at the Blue Marlin Hotel on the Natal South Coast instead. The prize they did win was a discount of R1 000 on the timeshare.

"They gave us so much champagne that we didn't even sign our surnames on the papers they gave us. Only later we saw that we had only signed our first names," said Vincent.

The couple tried to have the contract cancelled because they could not afford the R635 deposit and R183 monthly instalments, but were told they would be sued if they did not pay.

When the couple received a final notice, Legal Resources Centre (LRC) took up their case and told Leisure Life if they issued a summons, LRC would act on their behalf as they regard the matter as one of considerable public interest.

Leisure Life managing director Sandy Quinn then told *City Press* the company had cancelled the contract.

Quinn denied the couple had been misled into believing they had won a holiday in Mauritius.

She also denied the couple had been given enough champagne to get drunk.

S/Star 13/11/90 (288)

Blacks expected to boost tourism to R10 billion

By Michael Chester

The South African travel business forecast yesterday that spending by tourists should more than double to R10 000 million a year in the 1990s as more and more black families join the annual trek to holiday resorts.

Sweeping new plans are being laid to expand and improve tourism facilities to cope with a huge jump in black holiday travel.

Minister of Trade and Industry and Tourism Kent Durr confirmed that spending by tourists in South Africa broke all records at R5 billion last year — R1 900 million by foreign tourists and R3 100 million by local holidaymakers.

He predicted that the number of tourists would swell from less than a million to more than two million a year by the end of the 1990s as the political climate settled and thousands more black families joined the annual holiday exodus.

Mr Durr was addressing travel business leaders in Johannesburg at the formal launch of Tourism 2000 — a project designed to expand tourism inside the black community.

Tourism 2000 executive Chris More said emphasis would also be laid on drawing more black entrepreneurs into the hotel and travel trade to cope with the tourism bonanza. He expected that thousands of new jobs would be created.

Hotel bookings down by 30%

WILSON ZWANE

THE SA hotel industry faced one of its worst Christmas seasons unless there was a last-minute improvement in forward bookings, which were estimated to be down 30%, Federated Hotel, Liquor and Catering Association (Fedhasa) executive director Fred Thermann said yesterday.

Thermann attributed the drop in bookings to political unrest which had affected overseas demand, poor business conditions, lack of basic spending power and increased petrol prices.

"In one instance alone, overseas tours to SA worth more than R18m in foreign currency have been cancelled and the effects will be felt through 1991 as tours are usually booked a year in advance," Thermann said.

The downward trend in bookings had been detected as early as July when room and bed occupancies dropped by about 9%, compared with the same period last year.

Income over the same period declined by 6%. B Day 14/11/90 (288)

Thermann added that room occupancies dropped by 17,9% in one star hotels, 3,9% in two star hotels; 8,2% in three star hotels and 6,3% and 6,5% in four and five star hotels respectively.

However, there was optimism that there would be a last minute pick-up in the bookings, Therman added.

"South Africans love to holiday and they will usually find a way to finance one, even if it means dipping into savings or using the 13th cheque," he said. The recent drop in the petrol price would also help.

Cape Trips 14/11/90 288

Cape Times

Hotels face season of gloom

By DANIEL SIMON

HIGHER fuel prices and air fares are expected to affect tourism in the Western Cape this season, but not as badly as the rest of the country.

Fedhasa executive director Mr Fred Thermann said yesterday that the hotel industry faced one of its worst Christmas seasons unless there was a last-minute improvement in forward bookings, which are estimated to be down 30%.

Tour operators said Cape Town would be busy, but not as busy as in previous seasons.

Springbok Atlas Tours marketing manager Mr Richard Gebhardt said the general feeling was that the season was not going to be "bushfire busy".

"We don't think there will be a big drop in tourism but the increase will not be as high as we predicted."

Welcome to SA Tours co-owner Mr Kevin Gilmore said he expected the same number of foreign tourists to visit the Cape as last year.

"Foreign tourism has increased in leaps and bounds over the years and the number is always more than I projected. However, the domestic side will take a bit of a drop."

Mr Hylton Ross of Ross Tours, however, expected the tourist season to be significantly quieter than in 1989.

Mr Thermann blamed the hotels drop on political unrest which had hit overseas demand, poor business conditions, lack of spending power and dearer petrol.

"In one instance alone, overseas tours to SA worth R18m in foreign currency have been cancelled."

As early as July room and bed occupancies had dropped by about 9%, and income by 6%.

Room occupancies dropped by 17,9% in one-star hotels, 3,9% in two-star hotels, 8,2% in three-star hotels and 6,3% and 6,5% in four- and five-star hotels respectively.

However, there was optimism that there would be a last-minute pick-up in the bookings, Mr Thermann added.

Star 14/11/90 (288)

Timeshare industry still on 'upward path'

The timeshare industry is still on an upward course, says Brian Stocks, chairman of the Timeshare Congress organised by the South African Property Owners Association to be held in the Johannesburg Sun and Towers on November 19 and 20.

Mr Stocks, head of Southern Sun Timeshare, will be one of the key speakers on the theme, Progress in the Future. Others are Bruce Ravenhill, managing director of the South African arm of timeshare exchange group Resort Condominiums International and Trevor Coppen of the Ovland group.

Speakers from overseas are John Spence of Global Development Tenerife (Canary Islands) and Phil Hall, MD of Merall Properties.

Earnings of Aroma down 8%

288

MARC HASENFUSS

AROMA Liquor Holdings performed poorly during the six months to end-August, posting an 8% drop in earnings a share to 2,2c (2,4c).

The group, which transferred to the main board of the JSE two years ago, managed a 13% increase in operating profit to R764 000 (R679 000), but a high interest bill caused attributable income to decline by 6% to R361 000 (R384 000).

Aroma MD Mike Kovensky said the sharp downturn in the economy had hit the entertainment and consumption divisions of the group's hotel — the Aroma Protea Inn — although significant growth was achieved in income derived from accomodation and conference facilities.

B/Day 16/11/90

Marketing

"As anticipated, interest paid has increased significantly to fund the cost of providing the additional facilities which will prove to be a sound long-term investment, providing a meaningful return to shareholders."

Kovensky said the liquor division embarked on a successful marketing campaign this year, despite a five-fold increase in advertising spending.

Little progress had been made on opening or acquiring new oulets as suitable sites were difficult to obtain, with sellers demanding unrealistic prices.

Kovensky said the nature of the industry in which Aroma operated was such that a substantial portion of its earnings accrued in the second half of the year.

Aroma said yesterday Fedhasa executive director Fred Thermann would join the group from March next year, as CE of the Aroma Protea Inn.

Durban hotel prices cut

288

THE 30% drop in advance December bookings for Durban hotels has led some to offer major discount deals on hotel rooms.

Most Durban hoteliers said they were "living on tenterhooks" as they waited for the last-minute rush of tourists. B Day 16/11/90

Meantime, hotels were offering an average discount on rates of between 15% and 30% and, in some cases, up to 50%.

Alan Gooderson, Natal chairman of the Federated Hotel, Liquor and Catering Association of SA said hotels were going "flat out" to entice holidaymakers with special packages.

"There are specials at nearly all hotels in Durban up to December 22," he said.

"A holiday and a half" package deal offers visitors R250 back for every R500 they spend at their Durban hotel if they stay five consecutive days.

Most major hotels are offering major discounts on their room rates and throwing in breakfast. — Sapa.

Sow. 17/11/90 (288)

NE

Hotels entice festive trippers

Big discounts offered as bookings plummet

SHEHNAAZ BULBULIA and CORRESPONDENT

COASTAL hotels are offering huge discounts on accommodation over the festive season in response to an alarming drop in advance bookings.

Bookings have dropped by 30 percent on the Natal coast and by 6 percent nationwide. Although figures for Cape hotels are not yet available, hoteliers said there had been a dramatic decline in demand for accommodation in the city.

Recent petrol price hikes and domestic air fare increases of more than 70 percent in the past 12 months have aggravated the situation, as fewer families are able to afford the trip.

Incidents

Council authorities were reluctant to admit past racial incidents on city beaches could be blamed for low hotel bookings and pointed out security in coastal towns would be tight this year.

This is the first time that discounted accommodation rates — averaging between 15 and 30 percent and more than 50 percent in some cases — are being offered during high season.

"There are specials at nearly all hotels in Durban up to December 22. We are still hoping desperately that we will at least be full over the Christmas week," said Natal chairman of the Federated Hotel Liquor and Hotel Catering Association of SA, Alan Gooderson.

One of the country's largest hotel chains is offering guests R250 back for every R500 they spend at their Durban hotels if they stay five consecutive days. Many hotels have dropped their rates by more than R20 per person sharing.

And in the Cape, discounts of more than 50 percent are being offered at some hotels between now and December 20.

Solly Goodman, financial director of a hotel group which operates four top hotels in Durban, said: "I am holding my breath until the end of November — hopefully I will not still be feeling so gloomy then. Our rates have been trimmed to the bone to entice December holidaymakers."

Only an upward swing in the economy would boost the hotel industry, said Fred Thermann, executive director of the Federated Hotel Associations of South Africa.

The regional director of another popular hotel chain, Aart van der Heijden, said: "Durban bookings are markedly down this year and the bookings on hand are much fewer than previous years. North and South Coasts are on a par with last year, but I am hoping sincerely for last-minute bookings."

Accommodation trends for the coming festive season appear to favour the cheaper family resorts — particularly those offering chalet accommodation.

A spokesman for the National Parks Board said resorts were heavily booked although caravan parks still had a number of sites available. This was probably due to petrol price rises.

The Kruger National Park, however, remains the most favoured holiday resort — bookings have not been affected.

Overvaal Resorts' marketing deputy director, Rudi Basson, said accommodation at all of their hotels and chalets in the 16 resorts countrywide were booked out by March.

In the current economic downswing, family-oriented resorts were more cost-effective than expensive hotel holidays, he said.

The price of petrol, however, had led to a downward trend in the demand for caravan sites.

Some coastal resorts have not only stepped up beach security to ensure the safety of beachgoers but have also lined up a feast of events to promote racial harmony.

Durban will spend nearly R1 million over the coming holiday season to boost its status.

The Durban City Council launched "Be Beach—Wise" on November 1 to promote racial harmony, said programme coordinator Lylie Musgrave.

An entertainment-based programme, "Be Beach-Wise" aims to instil a sense of pride and ownership in the city's beaches among beach-goers. The programme has linked up with the Durban Chamber of Commerce's "Be The Best We Can Be" campaign, which involves local businesses in a tourist promotion.

"Through theatre, music and comedy, we hope to convey the message about the proper use of beach facilities for the maximum enjoyment for all," Mrs Musgrave added.

The Durban City Council's communication officer, Jeannin Orzecaowski, said security personnel would be considerably increased over the festive period.

Cape Town City Council spokesman Ted Doman said security measures had been stepped up and additional lifeguards employed.

Tourism board to change tactics

BDay 20/11/90

288

CHARLOTTE MATHEWS

THE SA Tourism Board intended to move away from regulation towards a market-orientated strategy, chairman Piet van Hoven told the annual SA Property Owners' Association (Sapoa) timeshare conference in Johannesburg yesterday.

"We believe that by promotion and stimulation the public sector should take hands with the private sector in jointly working out policies that can and will stimulate our markets."

Van Hoven said 36% of tourists visiting SA in 1989 were from Europe, 7% from the Americas, 7% from Australia and Asia and 50% from Africa.

"Obviously the European market does contribute much more in forex than does the African market.

"Growth in tourism in 1989 was in excess of 15%, and we expect in 1990 that although the growth will be in the order of 10% to 12%, it will still show a fairly healthy growth in relation to the beginning of the '80s."

Satour believes SA could attract 2-million tourists by the year 2000 on an aggregate growth of less than 15% a year. This would generate R4,2bn in foreign exchange.

In 1991 several international airline companies were expected to introduce services to SA which would assist tourism marketing and bring new partners to help develop the market.

"The valley periods during SA's winter season have a fairly serious impact, particularly on the accommodation industry.

"We need to straighten out these curves to develop the industry to its maximum potential."

Replaced

Van Hoven praised the timeshare industry, which in 1989 invested R600m in new developments, for providing a broad service to the domestic, regional and international tourism industry, and for reviving properties that would otherwise have become derelict.

Sapoa timeshare division outgoing chairman Brian Stocks said Sapoa's division would be replaced with an independent institute representing timeshare developers, marketers, sales agents and resort managers.

The new institute would be called Timeshare Institute of SA (Tisa).

Star 20/11/90 (288)

Board expects surge in number of tourists

The SA Tourism Board believes the potential exists to attract 2 million tourists by the year 2000.

This is based on the 1989 performance and current indications, Satour chairman Piet van Hoven said yesterday.

Several international airlines would be introducing services to South Africa next year.

Satour had noticed that South Africa had become a destination looked at with much renewed interest.

"We find that tour operators are displaying a keen interest for contact with South Africa to develop joint tourism markets," Mr van Hoven said. — Sapa.

SAA is 'starving' Cape, Durban tourism

CAPE TIMES 20/11/90 288

DURBAN. — Durban and Cape Town are being starved of wealthy foreign tourists because South African Airways has been blocking foreign airlines from establishing frequent direct flights to the two cities.

And because of the serious tourism decline, Durban Mayor Mr Jan Venter and Cape Town's Mayor Mr Gordon Oliver have agreed to join forces to lobby the ministers of tourism and regional development for more direct international flights.

A meeting between Mr Venter, Mr Oliver, representatives of the Durban Publicity Association and Captour took place last week and another is planned for early next year.

Mr Venter said it was assumed that SAA saw a loss in its domestic business if a foreign carrier was given rights for Cape Town and Durban.

Only Johannesburg had international gateway status and Durban and Cape Town were disadvantaged by fare add-ons and surcharges.

"A person flying direct from Mauritius to Durban must pay the Johannesburg fare as must the person flying from London to Cape Town even though the distance is shorter in flying miles.

"SAA have never given a satisfactory explanation for this ridiculous situation."

Star 20/11/90 288

Faircape sells remaining interest in health group

The disposal of its remaining 37,4 percent stake in Health and Racquet Club Holdings for R2,95 million will have a positive effect on Faircape Homes' capital base says joint managing director Mike Vietri.

"The transaction will strengthen shareholders' funds and further improve gearing," he says.

The group's balance sheet at June 30 states shareholders funds of R10,4 million against long term liabilities of R5,4 million.

Faircape purchased 49,9 percent of the Health and Racquet Club group in Octobber 1988 for R2,4 million. In December 1989, the company sold 25 per cent of its shareholding to Masterbond Trust for R4,6 million.

Mr Vietri said the group was looking for new opportunities. — Sapa.

From listing to delisting

S Times 25/11/90

288

RON STRINGFELLOW

By IAN SMITH

THE shake-up at SA's top hotel group, R472-million-a-year Southern Sun, took the industry by surprise.

Group managing director Bruno Corte has resigned to after 17 year with the group and controlling its destiny since 1984. He plans to remain in the hotel business in SA cannot disclose his plans. "Watch this space," he says.

Ron Stringfellow, 39, moves into the top job at recently delisted Southern Sun straight from the listing of the group's Zimbabwe cousin.

Mr Stringfellow took over the struggling Zimbabwe chain in 1985 and turned it around so well that its listing in Harare in July raised Z$94-million.

Within a month it was rated second in market capitalisation on the ZSE.

Top company on the exchange is parent Delta Corporation, which is still 28% held by an SA Breweries company.

Target

Chartered accountant Mr Stringfellow joined Delta nine years ago as group treasurer and later headed the retail chains, OK Bazaars and furnishers Pelhams.

He becomes group managing director of Southern Sun on December 1 recognising that he faces many of the problems he found at Zimbabwe Sun. But he says potential for the group of 56 hotels and a substantial timeshare operation is great.

Both the Southern Sun and Holiday Inn chains have suffered from low occupancies and the high cost of refurbishment which has added to the interest burden.

They contributed to SAB's R120-million offer to Southern Sun minorities in June which led to the delisting.

Mr Stringfellow says SAB is "100% committed" to the hotel industry. "I would not have taken the job if I was not convinced of that."

There is enormous scope to improve the tourist industry by marketing Southern Africa.

"Because we are a long-distance destination we must appeal to the top end of the tourist market. This will be the main target."

Could Southern Sun return to the JSE? "Nothing is impossible," says Mr Stringfellow.

Southern Sun's new MD plans major changes

B Day 26/11/90 MARCIA KLEIN (288)

SOUTHERN Sun Hotels Holdings new MD Ron Stringfellow, who was appointed on Thursday after the resignation of Bruno Corte, wants to re-establish Southern Sun and Holiday Inn as undisputed leaders in the three- to five-star hotel bracket.

Stringfellow said in an interview at the weekend that the group would rationalise its portfolio and strengthen separate identities for Southern Sun and Holiday Inn.

In his new position he hoped to turn things around and position the group for long-term growth, while making the most of the situation in the short term.

He said he would ensure the business was structured to maximise the limited opportunities in the industry. This included gaining market share by improving quality and service.

He would also position the group to capitalise on the expected increase in demand in business hotels and resorts.

Stringfellow was born in Zimbabwe and has a B Com CA degree.

He became a partner at Deloitte Haskins in Zimbabwe in 1976, and joined SA Breweries' (SAB) Zimbabwe operation, Delta Corporation, in 1981 as group treasurer.

● STRINGFELLOW

In 1983 he was appointed chairman of Delta's retail portfolio and became head of the group's hotel interests in 1986 as chairman and CE of Zimbabwe Sun Hotels.

He said the hotel industry was in trouble and losing money at the time. However, since 1986 the group had turned around. It restructured, acquired the Holiday Inn group, expanded the casino portfolio and entered the timeshare and the specialist safari markets.

Stringfellow was asked recently by SAB MD Meyer Kahn to take over as executive deputy chairman from November 1. But with the resignation of Corte, he was asked to take over as MD from December 1 and the position of deputy chairman fell away.

The SA hotel industry was poised by a breakthrough in the international market, Stringfellow said. The industry benefited SA as it generated foreign exchange, was labour intensive and was decentralised.

st

erty portfolios

lders and will

ssitates a fund
om having an

developments

olio. Increased
over time than

d growth over
gher rating by

ngful property

l, the supply of
new properties
be given equal
it inception on
ally similar in
t conflict and

Durban sharpens image to woo visitors

THEO RAWANA

DURBAN is going all out to polish its image and woo potential visitors after a drop in early hotel bookings seemed to indicate a bad tourist season.

Local police and traffic officials have unveiled contingency plans to ensure the safety of tourists this season.

Durban Mayor Jan Venter told a media conference yesterday the drop in hotel bookings was due to the recession.

"Air fares have gone up, fuel and hotel accommodation is expensive. Many people are simply not going on holiday any more," he said.

Fedhasa's Natal chairman Alan Gooderson said hotel bookings had picked up since last month, when they were reported to be 30% down on previous years. Bookings were at present 15% down.

Noting that about 65% of tourists to the city were planning to lodge with friends and relatives, Gooderson said some hotels were offering bargain rates of R55 a night.

Satour Natal region assistant manager Basil van Blommenstein said he knew of hotels which were offering accommodation for as little as R30 a night.

Other areas, such as the South Coast and North Coast, had not been spared sluggish holiday bookings.

Natal SAP liaison officer Col Reg Reynolds said the police had made contingency plans to avoid a recurrence of the violence which took place during the festive season last year.

Road traffic safety W/O Rob Askew unveiled an "Operation Awareness" plan which would involve the Natal Co-ordinating Traffic Committee and the Natal Medical Rescue Co-ordinating Committee.

Star 23/11/90

Lost City hotel contract awarded

288

By Frank Jeans

The construction ndustry's most prestgious contract in recer years — a proposed ix star hotel and enterainment centre in the t300 million Lost City development near th Sun City complex — has been awarded to the Bophuthatswa a division of the Stocks roup.

The toal value of building work at Lost City ove a four-phase development is about R300 mllion, including the 35-bedroom Palace Hotel.

Dele Murphy, Sun Interntional's director of devlopment, says: "The nev Sun City project is the largest building devlopment anywhere in the sub-continent and the most complex undertaken in modern times."

Bart Dorrestein, group managing director of Stocks, says: "This is the most exciting project ever tackled by any one company.

"It will be far more splendid than anything ever before built in southern Africa.

"Sol Kerzner and the Sun International team have come up with a mind-boggling concept."

All four phases of the development have to be finished by December 1 1992.

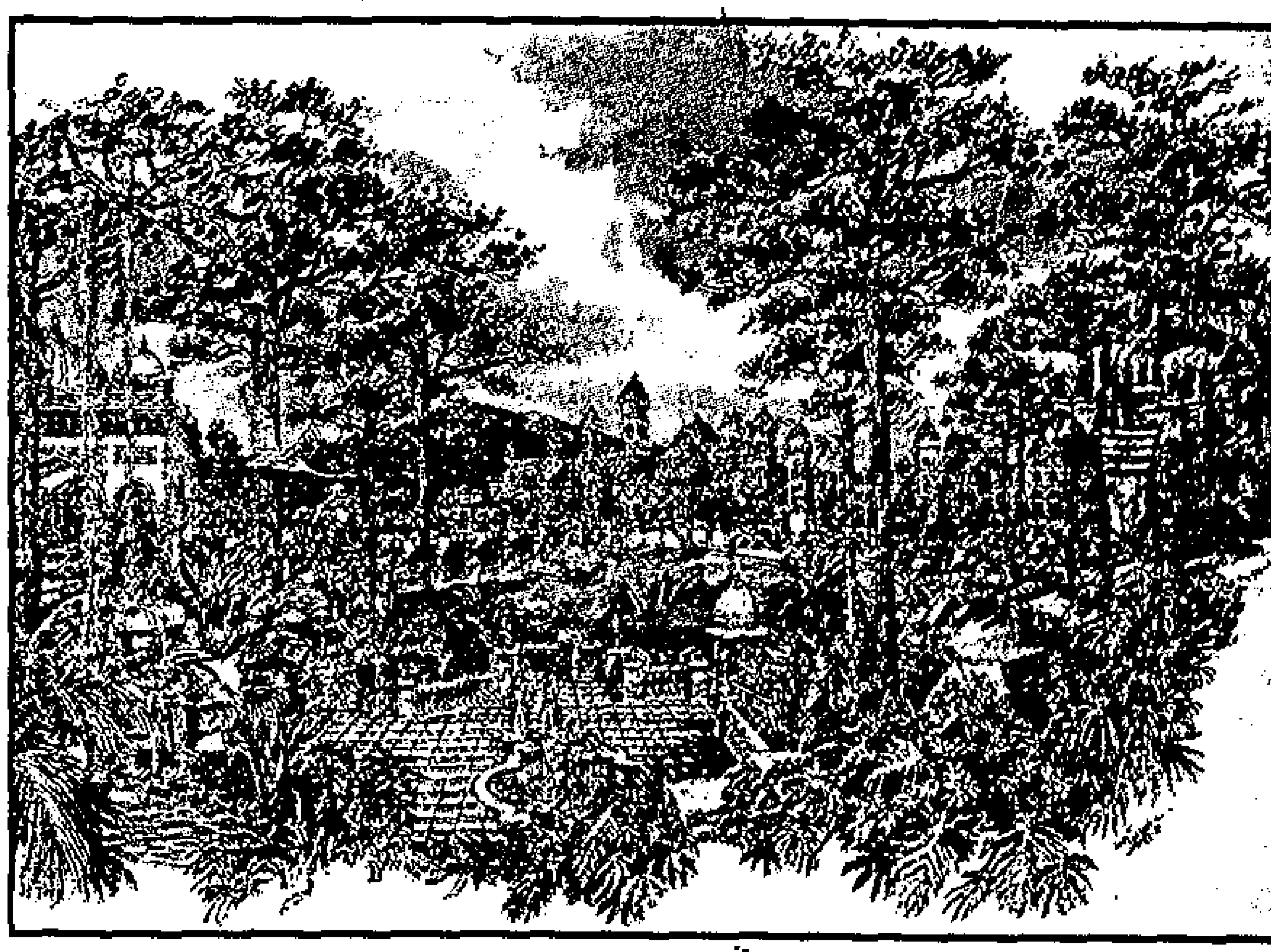
Because the schedule is so tight, Sun International has not had time to put the contract out for full-scale tender.

"We were able to negotiate a very keen and competitive deal with Stocks. That company has been involved in many other developments at Sun City and has a proven track record of success in resort construction," says Mr Murphy.

However, the hotel contract is only the first to be awarded and other major local and international contractors and sub-contractors will be involved in construction, landscaping and other specialist phases.

The Palace will be Africa's first six-star hotel and certain aspects of it are "enormously complex and elaborate".

Features of the project include a waterworld, complete with wavepools and water slides, and a golf course and country club.



An artist's impression of the Lost City hotel complex.

Durban tourism faces slump

288

Sowetan 29/11/90

By DON SEOKANE

MAJOR hotels and time-share resorts in Durban are experiencing a slump in advanced bookings for the coming festive period.

Addressing a media conference in Durban, Mr Alan Gooderson, chairman of Fedhasa-Natal, said hotel bookings had declined by 15 percent compared with last year's figures this time and timeshare resorts were also experiencing an eight percent slump.

Gooderson said because of the slump in bookings, hotels were offering 50 percent discount on rates from now until December 16 and 30 percent discount to 22 December.

He said hotels have lost most of their clients to timeshare resorts and self-catering chalets.

Publicity

Gooderson estimated that 65 percent of visitors to Durban were staying with friends and relatives and that was one of the reasons hotels were experiencing a downturn in bookings.

In an effort to woo tourists, Durban City Council has allocated R1.3 million to the Durban Publicity Association to market the city and its attractions.

Durban mayor, Mr Jan Venter, said safety measures would be taken to ensure that there was no recurrence of the violence experienced last year on the beaches.

Venter said extra patrols and policemen on foot would supplement policemen on the beaches and in the business districts of the city.

Police spokesman for Durban, Colonel RR Reynolds, said police intend to keep a low profile.

Pullman looks to SA hotel market

(288)

MANDY JEAN WOODS

PULLMAN International, Europe's third largest hotel group, was considering entering the SA hotel market, Pullman's Indian Ocean vice-president Abdullah Lefevre said in an interview in Mauritius last week.

"We have already been there to explore the options," he said.

Lefevre is expected to visit SA again in the next few weeks.

Pullman, which recently began construction on the first of some 10 hotels it expects to build in Madagascar, has a strong foothold in the Indian Ocean region and sees SA as a growth area.

Commenting on Sun International's well-established position and the move by Sol Kerzner's new company World of Leisure into the region, Lefevre said he was not afraid of competition.

"In Madagascar, our programme has taken into account the market potential and new relationships between East and West and Madagascar.

"Our business is really totally different to Sun International's. Their hotels are entertainment centres. We see ourselves in a milder way.

"We expect strong competition in Madagascar, but we have the benefit of exceptional facilities, and the nature of our agreement with the government. This stipulates tax rebates and other advantages, like renewable 50-year leases."

The tax advantages would give Pullman a strong lead. As it had the government as a partner, it had also been given options on the best sites, he said.

The group's philosophy was to allow local investors to participate in developments and this would apply in the case of Madagascar and SA.

"I believe there is plenty of room to develop in the region and the South African hoteliers really know how to plan developments well," he said.

Pullman has more than 20 projects planned for the greater Indian Ocean region, including Mozambique, Seychelles, Kenya, Reunion, Tanzania and Madagascar. B Day 30/11/90

Sun International commercial manager George Lazley said that while Sun International executives had made several trips to Madagascar, no definite proposals had been made.

"We have made a number of visits to assess the investment potential, sites, attitudes to tourism, logistics and costs of operating there," he said.

"Our next step is to do a financial feasibility study before any proposal is put to the government," Lazley said.

TOURISM FM 30/11/90

FAILED EXPECTATIONS

At the beginning of the year it was all euphoria. SA would draw well over 1m foreign visitors in 1990, commentators predicted, and the economic pick-me-up of reform would breathe new life into flagging domestic tourism. 288

The reality has turned out to be far different. Foreign tourism is now reported to be only slightly up. It may still break the 1m mark by the end of the year but it will fall sadly short of expectations.

Always quick to lay the blame anywhere but at its own door, the local tourism industry is falling over itself in an attempt to find excuses for its poor showing. The reasons being offered range from the disturbing effects of township violence on tourists' travel plans to the threat of imminent war in the Middle East.

Domestic tourism is hurting too. At the beginning of the year there were expectations that the economy might show substantial growth this year. In the event, it went into a steep decline which, together with high inflationary expectations, is keeping the lid on any growth in local tourism.

Protea Hotel group MD Arthur Gillis says: "We are catering for more foreign tourists than we did last year but the massive increase we were hoping for hasn't happened. Stop-start reform and political activity does us no good at all."

He adds: "In January we were looking at a 25% growth in international tourism. After F W de Klerk's February 2 speech we thought we were in for a boom. We were looking at a 400% increase in planned tours but the violence created the impression abroad, particularly in the US, that SA isn't a safe place, so many bookings were cancelled." FM 30/11/90

Had it not been for the violence and other factors, more than 1m foreign tourists would almost certainly have entered SA by October. By the year's end, according to Spencer Thomas, executive director of the SA Tourism Board (Satour), the number would probably have been 20%-30% up on the 930 393 foreign tourists, including 460 633 from Africa, who visited last year. 288

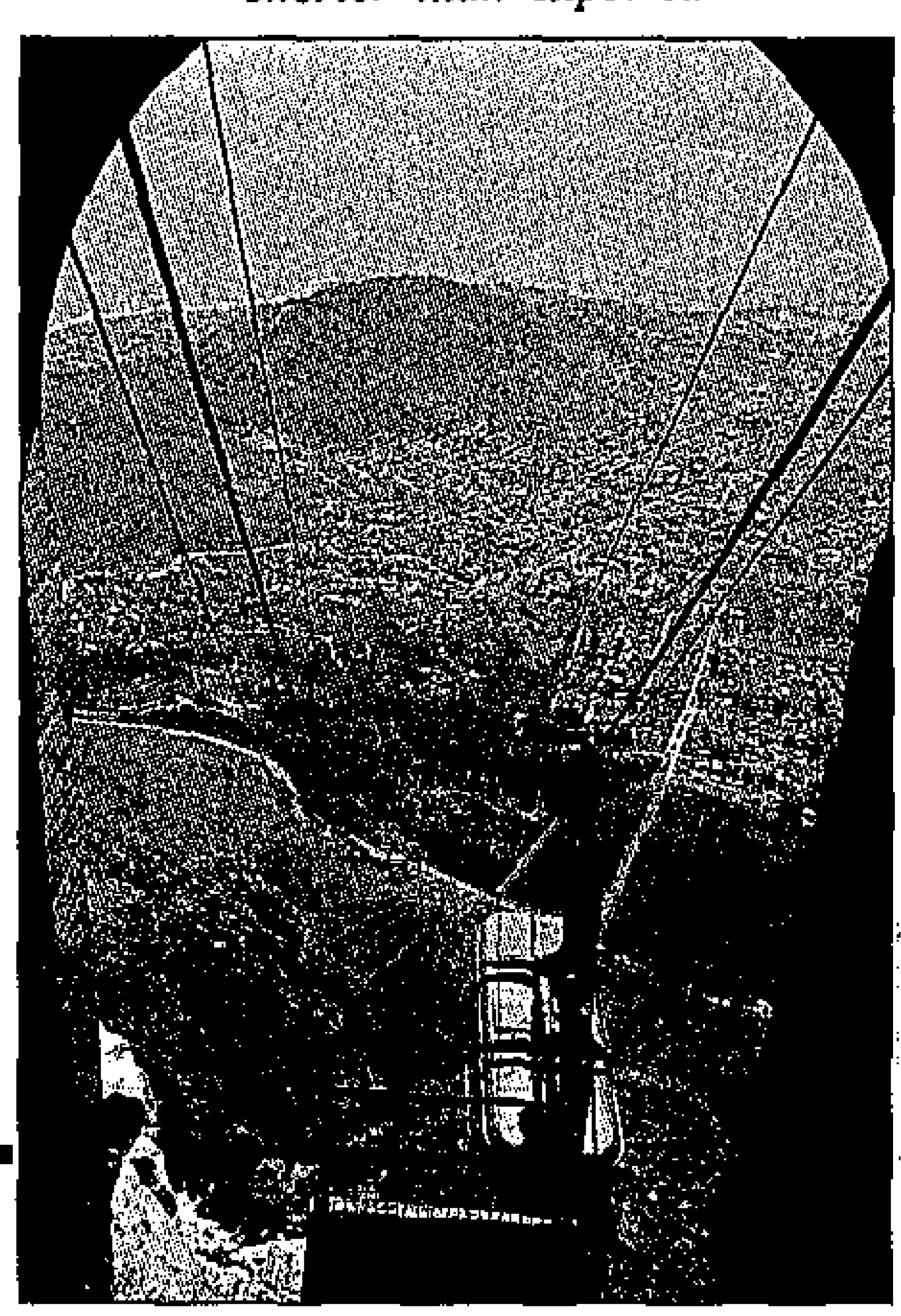
The violence caused a massive fall in May, June and July but a minor drop in August stabilised things. Says Thomas: "An 18,9% increase in the January-April period enabled us to show a 9,2% increase in European visitors from January to August and a 13,5% increase in the total number of foreign visitors through to August. (The August foreign tourism figures are the lastest available.) If there is no major setback, we can still exceed 1m by the year end." FM 30/11/90

Domestic tourism also seems to be bouncing back from a mid-year nadir. A few months ago the industry expected that business would be off 30% during the Christmas season, largely because of the economy.

Now it believes domestic tourism will be

Continued on page 63

Table Mountain... *the lines are shorter than expected*



FM 30/11/90. 288

Continued from page 61

flat this year but the industry is worried about a growing trend: South Africans are tending to book their Christmas holidays later and later each year as they wait for their 13th cheques.

Holiday Inn MD Chris de Kock believes the discount packages hotel groups were forced to offer have worked. He says bookings at the Cape Town inn are down on last year but he expects a last-minute rush.

Cape Tourism Authority's Marion Kelder expects a 10% increase in domestic tourism but this might not help the hotels much. She says that in October 76% of the people who inquired about accommodation wanted to stay in informal lodgings; only 23% wanted to stay in graded hotels.

James Vivier, western Cape regional director of the Federated Hotel, Liquor & Catering Association of SA, says there are still plenty of rooms available in Cape Town over Christmas. The main no-shows are Israelis and Americans, who are cancelling bookings because of the Gulf crisis and the violence.

The price cutting has taken place with the most ferocity in Durban. "Durban is now the bargain city," says Durban Publicity Association MD Frank Vincent. "For one week some hotels reduced their rates by up to 60%. Until December 15, the Maharani is offering a bed-and-breakfast deal of R55 a day per

FM 30/11/90

person for two people sharing, provided they stay for three nights." 288

This discounting has helped to the point where bookings are now only 15% down on last year compared with 30% a few weeks ago, he says.

"We did a lot this year to encourage people to come to Durban. We distributed pamphlets in the PWV and ran an ad campaign in the Transvaal press (**see *Currents***).

Overall, Protea's Gillis says the propects for domestic tourism are about the same as last year. Chris du Toit, executive director of the Association of SA Travel Agents, concurs. "When Christmas comes the guy who cancelled his holiday because of what he read in the press will change his mind and go anyway." ■

HOLIDAY ACCOMMODATION FM 30/11/90 (288)

TIMESHARE ETHICS TEASER

With the holiday season upon us timeshare has once again been brought sharply into focus with the decision by the sector to bolt the Sapoa fold.

The timeshare industry previously enjoyed the patronage of Sapoa as a fully-fledged division of the organisation. But at the Sapoa annual timeshare conference in Johannesburg last week it was decided that the timeshare division should break away and form a separate body — the Timeshare Institute of SA (Tisa).

The question now being asked is whether the new timeshare body, without the stature and backing of Sapoa, will be able to continue to gain the trust of timeshare buyers and effectively work towards improving the image of timeshare developers.

The organisation has committed itself to doing just that. But some see the latest development as a way of overcoming the strictures and disciplines imposed on the timeshare industry by its membership of Sapoa.

But Tisa chairman Bruce Ravenhill insists that its inheritance of the code of business practice developed by Sapoa's timeshare division, combined with the planned establishment of a timeshare standards authority — including non-industry members — will ensure that the organisation has the teeth to deal with maverick members.

He denies that the move away from Sapoa implies that the former timeshare division was a failure. It was established to centralise and isolate the problems of the timeshare industry. It has now moved beyond that with greater emphasis being placed on consumer protection.

Public education features prominently in Tisa's plans with between R500 000 and R1m earmarked for this purpose in the new year.

"Initially, developers were key elements when the Sapoa timeshare committee was established. Then the marketers got into the act and now we're examining selling and marketing practices. For example, the timeshare sales principal's diploma has official Estate Agents Board recognition," he says.

Tisa is also looking into the composition of a list of timeshare management organisations and a register of levies and tariffs charged at individual resorts. Individual timeshare owners will be able to make comparisons to ensure that they are don't pay over the odds for services.

All that is clearly well intentioned. But it shouldn't be forgotten that timeshare has been a problem child almost since it was introduced to SA.

It would be well advised for buyers and practitioners to take note of some of the cautionary remarks made by Business Practices Committee chairman Louise Tager at the timeshare conference.

Her "call a spade a spade" message was delivered in the form of some advice to the timeshare industry to get its house in order.

And, in pointing out that the industry's image has been "severely tarnished by a variety of malpractices spanning several years," she could have, ironically, been cautioning that it will take more than a name change to rid the industry of its poor public perception. Consumers have long memories. Tisa will have to tackle the fundamental issues which allowed the Flexiclub Foundation and Timeshare Dynamics debacles, to name two, to occur.

At the core of Tager's concern is the issue of just what people pay for when they buy timeshare. She says: " Many timeshare advertisements offer ownership or vacation ownership. This implies buyers are acquiring a real estate investment opportunity when in reality they are buying pre-paid vacations."

Most timeshare, she points out, is sold on share block which gives only the right of occupation. In these circumstances, it must be made clear what the buyer is actually getting. To assist buyers further she urges that cooling off periods should be written into timeshare contracts.

Tager adds her committee is looking at drawing up industry-related codes of practice which would cover matters like timeshare sales.

Ravenhill welcome's Tager's commitment to enforcing business codes but he feels Tisa's existing ethical codes are adequate. He stresses that Tisa would not hesitate to expel a member which flaunted the code. ■

OFFICES

REVERSE ROLE

In one of the biggest Durban property deals recently the Board of Executors, Natal, has bought Allied House from the Allied group for R7,5m.

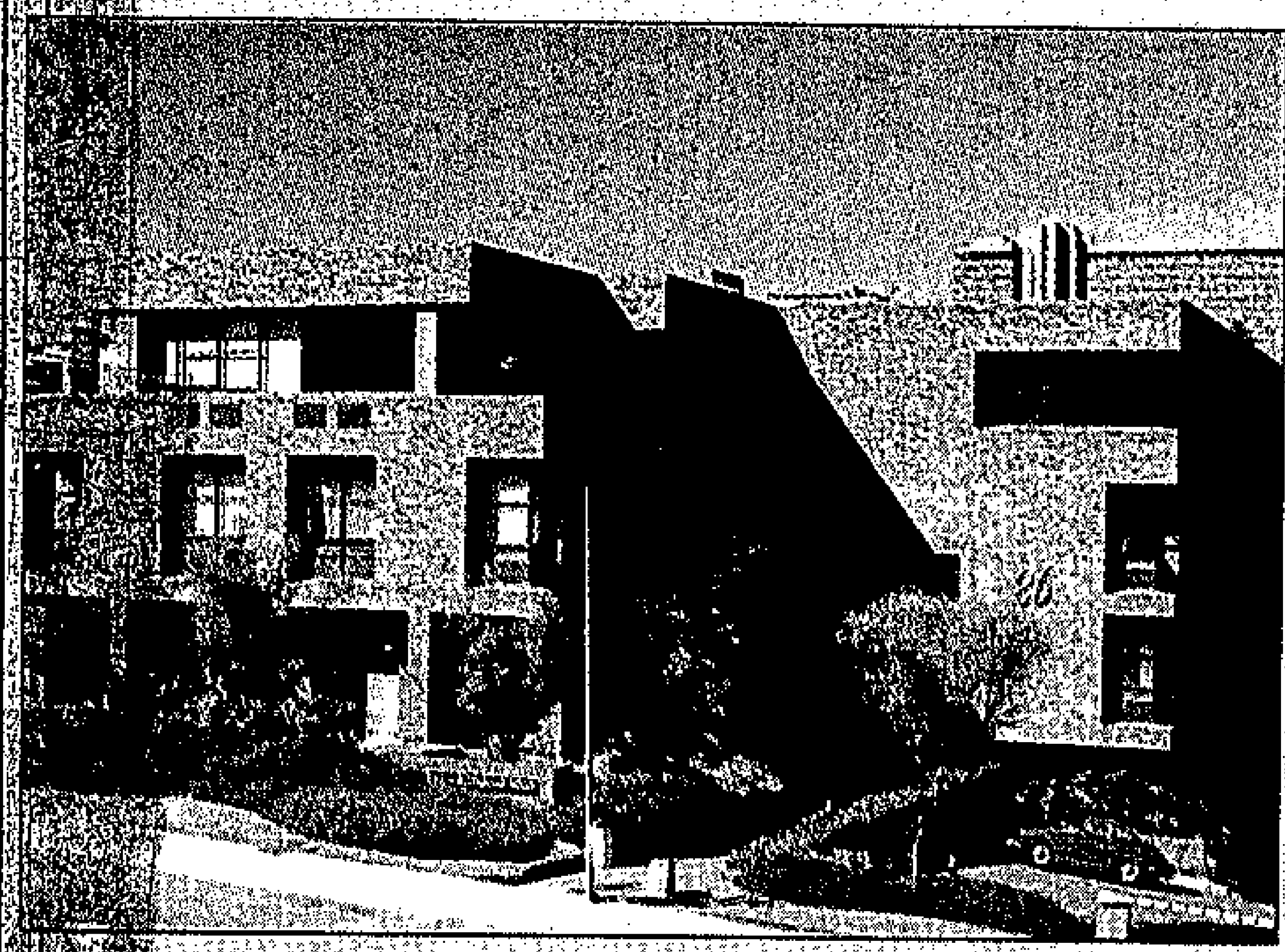
BOE MD John Dixon says the 40-year-old, 13-storey landmark, on the corner of Smith and Gardiner streets, will be added to the company's growing portfolio.

Sale of the building, a valuable CBD property, raises some interesting questions — particularly as the Allied was the original developer and will now become the anchor tenant. Allied now occupies nine floors of the building which serves as the group's Natal head office. A long-term lease is in the process of being finalised.

It has been speculated that the sale could be linked to the Allied-Sage-United merger talks. However, Allied's Carl Gustafsson, chief manager, group premises, denies this, adding that the property had been on the market for more than a year. "We weren't happy with any of the offers, and were busy exploring alternatives when BOE came up with an offer we couldn't refuse." ■

GUIDELINES

Despite tough trading conditions, Russell Marriott Boyd Trust has persuaded Sanlam to sign a five-year lease on 1 750 m² in the SABC Pension Fund building in Wellington Road, Parktown (below). Rentals start at R25/m² (gross).



Ailing canned food producer Gants has put its 20 ha Somerset West property on the market. The canning division has not been performing well and Gants is relocating machinery to its Transvaal (Bop and Venda) and Swaziland factories.

The property includes a 17 714 m² factory, 23 914 m² of warehousing, 2 145 m² of offices and several other buildings.

FOREIGN TOURISTS PROP UP HOTELS

Holiday season crunch for city

W/C ARGUS 1/12/90

288

By JANIS FRASER, Weekend Argus Reporter

CAPE Town appears to be heading for a shorter, no frills, cut-price Christmas holiday season this year.

Many visitors are opting for cheaper bed-and-breakfast accommodation or discount hotel rates, while the sagging five-star end of the market is being propped up by flush overseas tourists.

Even cut-price air fares and Mayor Gordon Oliver's offer to meet tourists at the airport with a hug apparently can't lure many cash-strapped South African holidaymakers to the Cape.

'Discount rates'

Fedhasa spokesman Mr Stephen Ford said statements put out that Cape hotels were fully booked were wrong. He could not give overall hotel booking statistics but rooms were definitely available. In some cases people were negotiating discount rates.

He said he was hoping that this year's occupation rate would equal last year's, but it wouldn't meet the figure achieved two years ago.

Captour spokeswoman Miss Marian Calder said the petrol price increase and the general economic situation had hit the South African holiday pocket.

Up-country families planning holidays in the Cape were looking at a 10-day rather than the normal two or three-week stay. Overseas tourists were still making up a big part of the luxury end of the market. Hotels offering discount rates were apparently boosting business.

The holiday home rental market is seeing the same downturn. Mr Richard Larkins, who owns one of Cape Town's longest established agencies, said he had opened a restaurant to help see things through the recession.

He said he had been dismayed at a radio report this week which said the Cape was fully booked over the Christmas period.

"We phoned Radio 5 about the story and they said it applied to the Eastern Cape. Maybe that area is being marketed better."

He said advance bookings in August already indicated that people normally willing to pay up to R1 500 a day for a super luxury home were feeling the pinch. Lower down the scale things were equally dismal.

"We told landladies then that they would have to adjust their rates. We advised them to take a drop but they wouldn't listen. Now we have files full of vacant houses and people are phoning to say they will drop from their normal R300 a day to R140 — but it's too late."

Added to that, he alleged, the bad publicity over the dirty state of the city during the BOC Yacht Race had affected his overseas bookings. "Cape Town doesn't seem to be in touch with the market place."

Greed factor

Greed was another factor in the home letting market, he said. "Overseas people have been willing to pay R7 000 a week for a luxury house but then they find the house next door, which is similar, is being let to a Johannesburg family for R3 000 and they get wise."

But at the economy end of the market business is buoyant. Miss Jane Smith, who runs Bed and Breakfast (Pty) Ltd, with Miss Louise Holtzhausen said December bookings were excellent. They were turning people away for the high season between December 16 and January 1.

For between R35 and R60 a day, with a top rate of R100 double for couples in accommodation with a kitchenette, people were able to have their own room with bath and a continental breakfast.

"The Small Business Development Corporation is encouraging people to offer bed and breakfast by giving home improvement loans.

"We inspect the house first to make sure the standard is satisfactory."

Foreign tourists to SA set to top a million for the first time this year

St Times 2/12/90

By IAN SMITH

SOARING growth of worldwide tourism has caused the hotel industry to outgrow national boundaries, leading to the the formation of international chains which are expanding to new destinations — but not to South Africa.

The number of foreign visitors to SA is growing by 10% a year and there has been a promising increase in their numbers in the past 12 months.

Arrivals in the first half of the year were 20% up on figures for the same time last year. By the end of the year their number is expected top a million for the first time.

International hotel chains have looked at SA and its tourist attractions with interest — but they will not invest until the country is fully welcome in the world community.

If SA is to accommodate hordes of new tourists it will have to be done with its own resources.

Decline

288

But the traditional hotel industry is in the doldrums. Building of full-service hotels has been brought to a standstill by a combination of high construction costs, falling occupancies, caused largely by the recession, and the rising price of materials and labour. The rersult is a low return on investment.

Overall occupancies have been running at about 50%, well below most hotels' break-even level of 60% to 70%.

Two finely focused innovative groups, City Lodge and Protea Hotels, both unlisted, report much better occupancies in their niche markets.

Natal seaside hotels report a 30% decline in Christmas bookings this year — and for the first first time they are offering discount rates and other incentives.

"There are specials at nearly all hotels in Durban until December 22," says Natal Fedhasa chairman Alan Gooderson. "We are still desperately hoping that we will at least be full over the Christmas week."

The biggest hotel group, Southern Sun, ended its listing on the JSE's beverages, hotels and leisure section earlier this year, largely because of poor profit prospects.

Karos Hotels, the largest privately owned hotel group which was reverse-listed last year through New Bernica, disappointed the market when it failed to achieve its earnings forecast of 35c a share for the year to March 31.

A decision to accelerate a major refurbishment programme resulted in higher interest charges and meant that 25% of rooms and facilities were not available for the peak Christmas season.

That will not happen this year. The R75-million refurbishment programme was completed at the end of November and the group is better placed than before to take advantage of the peak season, says chairman Selwin Hurwitz.

"The refurbishment may have been expensive, but it leaves us well placed for whatever happens until the end of the century."

Mr Hurwitz says occupancies in the 13-hotel group are difficult to work out because rooms were closed for refurbishment. But most of the improved hotels ware running in the "mid-sixties" and Richard Bay has experiencd better bookings.

The Polana Hotel in Maputo, which is being upgraded in three stages, is running at more than 70% occupancy.

The only group still building hotels is City Lodge. It built a chain of "no-frills" lodges while other hotels were closing.

Managing director Hans Enderle says his biggest problem is finding the right site. He is launching a chain of selected-services hotels, Town Lodge, which will save on development costs by clever design. They will also have showers instead of baths.

Mr Enderle says the cost of a Town Lodge room will be R60 000 compared with R80 000 for a City Lodge room and R250 000 for a five-star hotel one.

They will be built in towns and country areas.

No-frills

The first Town Lodge opens in Bellville, Cape, next month. It cost R9-million. The group has found a site at Nelspruit, but is still negotiating with the town council.

He hopes to build 10 Town Lodges in the next five years. Half would be owned and operated by City Lodge and the rest would be franchise operations. Five City Lodges would provide 1 500 rooms.

Mr Enderle says the no-frills hotel is the hotel of the future. Growth in the market segment has been dramatic in the US — from zero in 1970 to 5 000 hotels with 600 000 rooms in 1989.

Protea Hotels expanded rapidly into a 60-hotel chain turning over R230-million a year by offering management, marketing and design services to established businesses. It has also moved into the lower-price bracket with its Places chain of self-catering apartments.

"Self-catering holidays are a growing trend in the US and Europe," says chairman Otto Stehlik.

Durban gets ready for holidaymakers

CW 2/12/90

288

By CHARLES MOGALE

DURBAN has geared itself for the traditional influx of holidaymakers expected to flock there during the festive season.

The Durban City Council has already spent R1,3-million to woo visitors to the city and avoid a repeat of the chaos which erupted last year when beach facilities could not cope with the thousands who took advantage of the opening of beaches to all races.

Mayor Jan Venter said he had received letters and calls from people threatening never to return to the city because of the events last year.

Venter said: "Those people who think they can come here and have an acre of space to themselves will find that unfortunately it cannot be so."

He believed the facilities available were sufficient for everyone to have a good time.

The Durban Publicity Association, which is running the advertising campaign for the council, has also launched a 'Be Beachwise' show to encourage tourists to use facilities to the optimum and to be tolerant.

Hotel bookings have dropped 15 percent compared to this time last year. However, the council blamed the recession, and pointed out that 65 percent of the people who visit the city do not stay in hotels.

Several promotions, including Fish Week (from December 7-15), are expected to draw more visitors with hotels reducing tariffs to as low as R30 a night.

SAP public relations officer Col RR Reynolds said although a major crime prevention clampdown was planned, the police would not act harshly for minor offences.

"These include women going topless," Reynolds said.

They would be handed over to the city police department.

Lowveld pension blues

SEVERAL pensioners from a remote lowveld village have not received their payouts since March last year.

Phineas Malatela of the Legal Aid Centre in Marble Hall said problems started for 18 pensioners from Kgautswane village, Lydenburg, when payouts were transferred from Lydenburg to an outlet 60km away.

Eastern Transvaal TPA pensions official Jan van der Merwe confirmed there were "certain problems" with pensions, and called on pensioners with problems to submit their names, ID numbers and other particulars to his office so queries could be forwarded to Pretoria. The next payout will be on December 6. – Sapa

Portnet to invest millions in Richards Bay scheme

288

PETER GALLI

PORTNET Richards Bay (RB) has revealed its plans for a multimillion-rand waterfront development which will comprise a marina, residential and holiday homes, hotels and shops.

Portnet RB is a fully autonomous operating division of Portnet, which is a subsidiary of Transnet.

Port manager Jan Scheepers said yesterday Portnet RB would make a R50m short-term investment in the project, to be used for the construction of buildings, a yacht club, a hotel and to upgrade and improve the existing infrastructure.

However, he said more money would be allocated for longer-term development, and that building was expected to begin in June 1991. B/Day 5/12/90

The programme has been encouraged by environmental organisations such as the Wildlife Society and the Natal Parks Board.

Portnet RB, which owns much of the town's coastal land, has embarked on this programme as the northern Natal town is considered "an environmental eyesore" needing urgent and enduring attention, says Scheepers.

Portnet RB believes that Richards Bay is an attractive option to investors as the bay is ideal for all types of watersports.

In addition, developers will be saved the expense of dredging canals or making the sea entrance safe as this has been taken care of and is maintained by Portnet RB.

"Developers will have more than seven kilometres of water frontage to choose from with a wide diversity of sites. One of the biggest drawcards for Richards Bay is its proximity to the Mozambique canal and Indian Ocean islands," Scheepers says.

The development should result in the area becoming a major tourist attraction, and Portnet will set aside large tracts of land as nature conservation areas.

R189-m Sun deal sets a record

Sowetan 6/12/90

(288)

By ALI MPHAKI

SUN International has awarded a Bophuthatswana company a R189-m deal - southern Africa's largest current single building contract - for the construction of the 350 bedroom, ultra-luxury, Palace Hotel at Sun City.

The deal with Stocks Pty Ltd, is a component of a massive four-phase development at Sun City with a total construction value of around R300-m.

"Certainly this is the most exciting project ever tackled by one group," said Mr Bart Dorrenstein, group managing director of Stocks.

Jobs

The first phase will employ 2 500 people who between them will use 10 million bricks, 35 000 cubic metres of concrete and 240 000 square metres of plaster.

All four phases of the development have to be finished by December 1 1992 when the first guests are scheduled to check into the Palace Hotel.

"The project comes a time when the economy is in a downward phase and unemployment is rife. This development will create employment for a number of contractors and sub-contractors who ordinarily would be exposed to the downturn in our industry," said Dene Murphy, Sun International's director of development.

Urban crime 'threatens SA tourism'

(288)

Star 7/12/90

By Shehnaaz Bulbulia

While township violence had taken its toll on the South African tourism industry, urban crime could pose a greater threat to the industry, executive director of the South African Tourism Board Spencer Thomas said yesterday.

Mr Thomas was reported to have said that attacks on foreign tourists in urban areas were causing the tourist industry serious harm.

He told The Star yesterday that township violence in the past months had led to a drop in foreign tourists visiting the country compared to figures for January to May this year.

The tourist industry, while it had a growth of 5 to 7 percent for this year, still showed a downward trend compared to last year's figures of 14 percent growth over the previous year.

However, Mr Thomas said that muggings in Johannesburg had reached "intolerable proportions" and this might affect the city's tourist industry.

"The township situation is definitely not good news, but crime in the city could also affect tourists' perceptions. Tour operators have told us they were placing Pretoria above Johannesburg as the destination of travel," he said.

Township violence was the main deterrent to the South African tourist industry, said Johannesburg Publicity Association excecutive director David Appelton.

Foreigners' perception of South Africa was influenced by media coverage of the violence in the township. Crime in the streets did not make international news, he said.

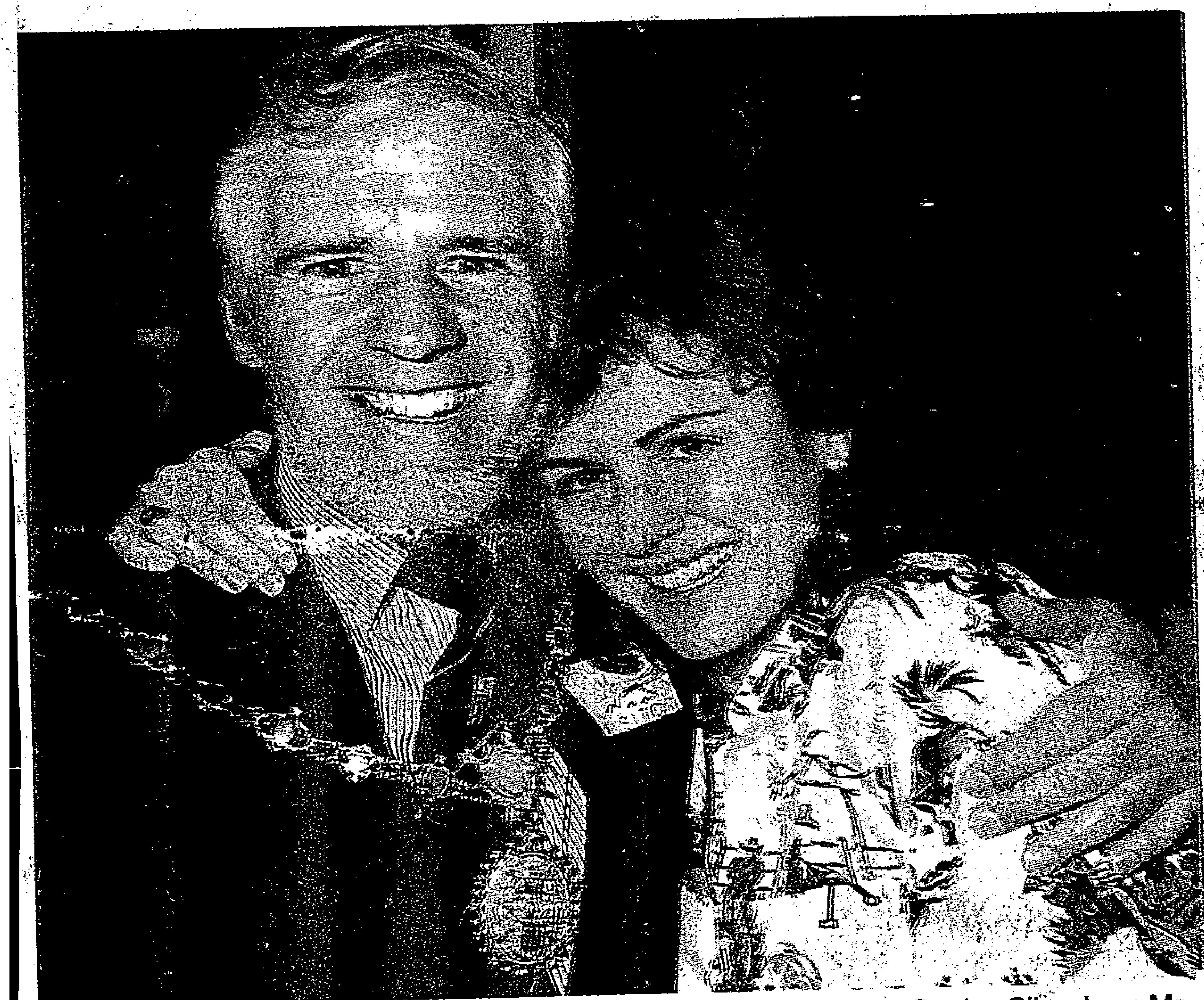
The safety of tourists was undoubtedly of paramount importance, Mr Appelton said, and together with the police, his organisation was taking steps to ensure this.

He said the association had submitted cards to all major city hotels warning tourists of pickpockets.

Mayor gives welcoming hug to city's visitors

CMT 7/1/73
8/12/90
288

Tourist boom



WARM WELCOME . . . To mark the start of the tourist season, Mayor Mr Gordon Oliver hugs Ms Ellen Brandstrader of Houston, Texas, on her arrival in the city yesterday. It was the warmest welcome she had ever had on her travels, she said.
Picture: RICHARD BELL

By CHRIS BATEMAN

THE Cape Peninsula is bracing itself for an expected influx of 133 000 up-country and overseas visitors who may spend a whopping R591 million by the end of January.

According to Professor Marius Leibold, head of the Marketing Studies Unit at Stellenbosch University, tourism earnings are set to increase by 10% over last year in spite of petrol price increases and recent local township unrest.

And at D F Malan airport yesterday Mayor Mr Gordon Oliver and the mayors of Strand, Parow, Fish Hoek, Durbanville, Milnerton and Kuils River, met planeloads of up-country visitors, and some from abroad, in a 'Hug a Visitor' campaign.

Light lunch

Welcoming stickers were handed out and garlands of flowers hung around some visitors as they entered the airport building.

Several of the visitors — including Mr Justice J J Fagan, who insisted he was not actually a visitor but had merely been on leave for two months — joined the mayors for a light lunch and drinks at the airport.

Capetonians who had come to the airport to meet friends entered into the spirit of things too. At least one attractive young woman was persuaded by a photographer to hug a complete stranger.

Professor Leibold, who recently completed a tourism study for Captour, said unrest in Natal was expected to boost local tourism.

He expected the multiplying factor of tourist-spending in Cape Town to boost the economy by R1,8 billion by the end of January.

Satour chairman Mr Piet van Hoven said a cross-section of accommodation in the Peninsula revealed a 75% confirmed booking rate for the festive season.

This was about five percent down on last year but he expected bookings to peak later than last year.

Graded hotels had taken a major drop in booking levels and informal and rural sectors had improved markedly.

Stream of cars

According to Professor Liebold's survey, 76% of inquiries at Johannesburg's Captour office were about guest houses, holiday flats and self-catering establishments. About 30% of people stayed with friends and family.

Captour director Mr John Robert said an emergency accommodation booking service was available to visitors, and added: "We'll do our best to help them."

Professor Leibold said that by last year Cape Town had captured 20% of the domestic tourist market and this was expected to increase to 30% by 1993.

Foreigners spent on average R103 per day and up-country visitors R98 a day.

There was a steady stream of cars towards Cape Town yesterday, said Mr Henry van Niekerk, controller of the Huguenot Tunnel.

Traffic out of the greater Cape Town area towards Worcester was also "picking up" but was on average much lower than in-coming traffic.

Meanwhile, the Peninsula's topless bathing phenomenon has spread from Sandy Bay and Clifton to nearly all Atlantic beaches and as far afield as Muizenberg.

crack of dawn

"I'm sorry. Hugging a Vaalie does not include hugging your mother!"

Natal's unrest scares off Transvaal black tourists

S Times 9/12/90

By MEGAN POWER

DURBAN hotels patronised mainly by blacks are facing a bleak Christmas with some hoteliers reporting only a handful of seasonal bookings.

Fear of the on-going violence in the strife-torn province appears to be the main cause of the sharp decline in bookings.

Said Sanjith Dukhi, a director of Hotel Asoka in Durban's Reservoir Hills: "Business is bad. I have about five confirmed bookings this Christmas. Last year at this time the hotel was fully booked.

"We normally get a lot of black visitors from the Transvaal, but the unrest in Natal is frightening them off. The beachfront hotels claim to be down by 15 to 20 percent, but we're down much more.

"We're losing an enormous amount of money. This is going to be a bleak Christmas for hoteliers."

Tholsee Naidu, manager of the Himalaya hotel in Durban, claimed to be about 60 percent full, but admitted that occupancy was down from last year.

"We're getting fewer black visitors from the Transvaal. Last year we were almost full," he said.

"The unrest here is causing fear among the tourists."

Logie Naidoo, of La Mercy Beach hotel, said he had noticed a drop in Transvaal visitors: "People feel it's unsafe to come to Natal."

(288)

But hotels that attract locals instead of up-country tourists have not been affected.

A spokesman for the Railway Hotel in Isipingo said: "We're generally full. We don't rely on tourists — if we did, we'd be dead by now."

R1bn locked up in SA timeshare

288

S/Times 9/12/90

By DIRK TIEMANN

SOUTH AFRICANS own a total of R1-billion in timeshare units, but market growth is limited by an oversupply and low resale values.

Research by Resorts Condominium International shows a supply of 260 350 timeshare weeks, but demand for only 176 640. These figures are only for primary sales from developers.

RCI chairman Bruce Ravenhill does not believe supply is excessive because an average 20 000 weeks are sold a year.

"Our research shows that about 110 000 families are in timeshare and the potential market is much bigger. The average price of timeshare has risen by 23,5% to R10 500 a week over last year."

Enrolment at RCI inland resorts increased by 6%, in the Cape 16% and on the Natal North Coast 17,5%.

Property economist Neville Berkowitz says the oversupply will remain because schemes are continually coming on the market.

"Timeshare is not an investment. It is a way of containing holiday costs. Prices will not rise much because of the excess supply and lower resale value. Marketing costs of up to 40% are subtracted from the selling price. Most people thus try to sell privately."

Mr Berkowitz says profit margins in any property development are at most 20%, and 80% of the scheme must be sold before it becomes profitable. Developers are suffering because levies on unsold units are eating into profits.

Developers structure their projects on how many weeks they expect to sell. If they do this incorrectly, they will be saddled with average levy costs of R200. If the levy is payable on all 84 000 unsold weeks, the industry will pay R17-million a year.

Mr Ravenhill thinks this unlikely, but his report advises developers to "structure projects with 42% saleable weeks and not to incur the cost of servicing levy for the balance".

Prudent

"It may be economically prudent to block off the low demand time and close the resorts for 10 weeks."

Mr Ravenhill says there are 140 timeshare schemes in SA.

The report says there are 40 off-season weeks. Demand for the in-season weeks exceeds supply. Buyers are prepared to pay a premium for such time and "there are indications that such weeks are underpriced".

Potential buyers should note that the SA Property Owners' Association (Sapoa) timeshare division has broken away to form the Timeshare Institute of SA (Tisa).

Tourism heads for record year

288

Staff Reporter

This year is expected to be a record one for the tourism industry, with almost one million visitors, says the South African Tourism Board.

It said in a statement that tourist arrivals were higher than ever before.

"January to September figures for this year already show an increase of 13,1 percent over 1989," the statement said.

The board said that its Tell-A-Friend campaign, which was launched six months ago in conjunction with South African Airways, had drawn a vibrant response from outbound tourists.

"Through postcards posted by outgoing tourists to Satour's various overseas offices since the start of the campaign, more than 11 000 names of friends or relatives have been added to the marketing address list," the board said. Star 11/12/90

"From these postcards, a winner is nominated every three months, the prize being SAA flight tickets for two to South Africa, in the case of an overseas resident, or to any SAA destination in the case of a South African resident."

● Christine Hackel of Vienna, who visited South Africa earlier this year, is the winner for the second quarter of the Tell-A-Friend campaign, and wins two return SAA tickets to South Africa.

Karos earnings take big knock

MARCIA KLEIN

REFURBISHMENT costs, a high interest bill and preference dividend payouts caused Karos Hotels to report a 39% decrease in earnings to 9,9c (16,2c) a share in the six months to end-September. (288)

Although several of its hotels were closed or partially closed for refurbishment, turnover increased by 21,6% to R32,08m (R26,4m) and operating profit was up by 28% to R8,17m (R6,38m). Karos chairman and joint MD Selwin Hurwitz said yesterday the group had had to bear R73m in capex for refurbishment since July 1989 without the benefit of full operations. B.Day 14/12/90

This resulted in a fivefold hike in the interst bill to R3,28m, which brought pre-tax profits down by 27% to R3,3m (R4,5m).

A R777 000 attributable profit from an associated company derived from the Polana Hotel in Maputo, which was doing well with "a lot of business activity" despite little tourism.

A R1,26m preference dividend payment in a subsidiary, reflecting the R20m acquisition of the Indaba hotel in January, further reduced earnings, and attributable profits were down by 35% to R2,78m (R4,3m).

Hurwitz said year-end results would reflect "a considerable improvement".

Trading, traditionally, was better in the second half and all Karos hotels were fully operational by December 1, in time for the peak season.

In view of the unequal distribution of earnings over the financial year, an interim dividend of 3c (6c) was declared, proportionately lower than the expected full-year dividend.

Karos Hotels to set up property unit trust

288

Star 15/12/90

TOM HOOD

CAPE TOWN — A property unit trust with investments in hotels is being planned by JSE-listed Karos Hotels.

This was disclosed yesterday by Karos chairman Selwin Hurwitz in the interim report for the half-year to September.

On September 30 the group sold five hotels to a trust with the intention of ultimately creating a property unit trust, he says.

"Attractive long-term leases have been entered into and the inflow of funds from the sale enabled the group to reduce borrowings for capital expenditure already completed and to complete its extensive capex programme."

The group continued to own the land and buildings of six of its 12 hotels and was currently operating on a debt/equity ratio of 52 percent.

The group's interest bill soared to R3,2 million from R670 000, which reduced earnings to R2,7 million from R4,5 million.

Turnover jumped by 21 percent to R32 million and operating profit surged by 28 percent to R8,1 million.

Several of the group's hotels were either partly or fully closed for refurbishment in the half year.

The directors forecast a considerable improvement in performance in the second half of the year.

The interim dividend has been halved to 3c from 6c — it was lowered to take into account the unequal earnings distribuition of the hotel industry.

Ill-fated Drakensburg hotel put on the block

15/12/90 288

DES PARKER

DURBAN — Southern Sun and Standard Bank are proposing to buy out the owners of the luxury Drakensberg Sun Hotel, which has faced a cash crunch since a fire devastated the inn only seven months after its opening in December 1987.

A scheme of arrangement — understood to be worth considerably more than R20 million — is to be put to concurrent creditors of the hotel for approval at a meeting on January 7.

Southern Sun Holdings executive director Peter Hearfield said he could not say what the scheme would cost his group.

"We are acting to protect our investment."

The group had managed the hotel since its opening and had been negotiating a takeover deal with the owners for several months.

The hotel is controlled by a family firm, Vareco Property Development Company, in conjunction with Rand Merchant Bank, Investec and MacSteel.

Included in the proposal is the purchase by Southern Sun of about 850 ha of land on which the hotel and its timeshare development stands, as well as the neighbouring Cathkin Park Hotel from Vareco.

Philip Varejes, a director of Vareco and the man who initiated and backed the plan to build a hotel on the site about 15 years ago, said considerable sums were owed to creditors as a result of development work, some of it as a result of the fire.

Asked if the deal would cost about R20 million, he said the figure was "a good starting point".

Fly-now-pay-later venture for islands

S Times 16/12/90 (288)

By DAVID CARTE

WORLD Leisure Holdings, Sol Kerzner's international hotel and casino company, has launched a joint venture with Holiday Holdings of Randburg to promote tourism from SA to the Comoro and other Indian Ocean islands.

The new wholesale tour company with exclusive rights to the Comoros will be called World Leisure Holidays.

Charter

It will be owned 51% by World Leisure and 49% by Holiday Holdings. The chairman will be long-time Kerzner right-hand man Peter Bacon.

The deputy chairman will be Gavin Simpson, the founder of Holiday Holdings. Bruce Hutchinson, of World Leisure, will be managing director. He is also a long-time Kerzner lieutenant.

WLH hopes to take 100 000 South Africans annually to Mauritius, Madagascar, the Seychelles, Reunion and the Comoros. It hopes that 10% will take in the Comoros. That alone would give World Leisure's La Galawa hotel in the Comoros an occupancy of 58%.

On January 2, using Safair's Skybird charter Boeing 707, World Leisure Holidays will start a fly-now-pay-later scheme costing only R3 000 a person (R92 a month for 60 months) for a week in the Comoros.

The cost includes all water sports, breakfasts and dinners. Island Ventures of Margate, Natal, has laid on water-sport facilities costing R2,4-million, including two 38-foot catamarans and a 44-foot sailing ketch. The ketch will be used by Chris Bonnet's Ocean Sailing Academy to train would-be sailors.

Diving lessons will be given by Buddy Lebanon. The only extras are lunches and liquor, whose price Mr Hutchinson guarantees, will be comparable with those in Cape Town. The general manager of the hotel, Marcello Giobi, was formerly head of the Touche Rock and Gaube hotels, Mauritius.

Biggest

Holiday Holdings has bought a cargo vessel to ship in supplies to the Comoros. The island-hopping ship will have 65 berths for passengers.

World Leisure, started from scratch by Mr Kerzner only five years ago, is already something of an empire.

It has management contracts for several large hotels and casinos all over the world. It also has the contract to build the R650-million extensions to Sun City and the R350-million Babalegi Sun for Sun International Bophuthatswana.

Holiday Holdings, founded by Mr Simpson, is the biggest leisure-based travel services group in SA.

Started only 12 years ago, it comprises 12 autonomous companies, employs 200 and turns over R100-million a year. It is the official agent for Qantas Airlines of Australia in SA.

It fills three Boeing 747s flying out of Harare every week and collects fares amounting to R30-million a year to Australia alone. It collects another R15-million in fares for other airlines.

It is also the agent for several foreign travel principals, including Top Deck Travel, the Venice Simplon Orient Express, the Mississipi Steamboat Company and UK Motorhomes.

Holiday Holdings is also one of the biggest inbound tourism companies in SA.

GAVIN SIMPSON

Nu-Metro buys Shareworld

By Jovial Rantao 28/8/

Shareworld, the insolvent multiracial recreation complex south of Johannesburg, has been taken over by cinema giant Nu-Metro in partnership with the Standard Bank.

Since Shareworld went under, Standard Bank and Nu-Metro have had a contingency plan to implement if the "worst came to the worst".

The Shareworld Educational and Entertainment Company was wound up in March this year, owing Standard Bank R25 million. Erect Africa, the company owning the development rights, was liquidated at the same time.

Announcing the new deal, Danny Lerner of Nu-Metro said his company decided to enter into a deal with the Standard Bank because Nu-Metro had invested a lot in the eight cinemas at Shareworld.

He said Shareworld would be renamed "Nuworld" and the company would attempt to find operators for individual outlets.

It is hoped that the cinemas would in turn receive a boost from the proximity of other amenities.

Mr Lerner, who could not reveal more details about the agreement signed by his company and Standard Bank one week ago, said feasibility studies would be conducted to find out how the centre can best be used to its fullest potential.

"In the meantime we will probably use the place as a film studio," he said.

Mr Lerner said the new company, Nu-World (Pty) Ltd, would announce more details once it was registered.

He said the first event at the centre would be a music concert planned for February with the disco in the complex reopening soon afterwards.

Waiting for the big rush . . .

Argus 19/12/90

288

By ESANN van RENSBURG, Staff Reporter

WITH only six days to Christmas Cape Town businesses and retailers are still waiting for the big rush.

Mr Albert Schuitmaker, business affairs manager of the Chamber of Commerce, said a brief survey showed that some industries were not doing as well as expected.

The furniture industry was reportedly satisfied with Christmas sales so far, but the jewellery and the food lines were still waiting for the customer crush.

The trend in food, said Mr Schuitmaker, was the same as in previous years. Many people bought food nearer Christmas.

But it is all to be expected, according to chief economist of the SA Chamber of Business, Professor Ben van Rensburg.

"If one takes into account the inflation rate, it is expected that 1990 Christmas sales will be down on last year," he said.

On the basis of an inflation rate of 14,3 percent, overall retail trade sales in real terms will be 0,6 percent less than for Christmas 1989, a recent Christmas sales survey by Sacob showed.

Adverse effect

Members of the organisation said they expected retail sales to be adversely affected by the economic downturn.

The Sacob survey reported retail sales over November and December constituted 22 percent of annual figure.

"The sales expectations of the retail trade

Man shot dead in burglary bi[d]

Crime Reporter

A SUSPECTED burglar wa[s] shot and killed in Mitchell'[s] Plain early today.

And a man in a stolen ca[r] was wounded when police fire[d] shots.

Police said three men wer[e] discovered breaking into a mo[]bile shop on the corner o[f] Smuts and Alpine streets i[n] Eastridge at 2.10am.

They fled and one was followed by Constable J E Majola. He fired a warning shot and then another, which hit him.

The man was identified as Mr Kevin Scheepers, 26, of Mitchell's Plain.

Police are searching for the others.

On the N2 shots were fired when Flying Squad officers spotted a stolen car and the driver refused to stop.

The 34-year-old driver has two wounds in his back and is being treated in hospital under police guard.

RAPED

percent of annual figure.

"The sales expectations of the retail trade over this period have a significance beyond the business sector concerned.

"It gives analysts a further insight into the state of the economy by confirming or otherwise the effect of the current downturn on likely consumer spending," the report said.

It showed optimism to the extent that some retailers expected sales to increase by 30 percent — and pessimism by others who expected sales to contract by 10 percent.

Mr Alan Snyman, operations director of Garlicks, said business started picking up last Tuesday and since yesterday stores were generally busier.

"Our houseware, cosmetics and gift lines are doing well. The fashion lines are not doing as well as expected," he said.

The jewellery trade also expected the usual last-minute rush. A major city jeweller reported that trading over the past five to 10 years was busiest a week before Christmas.

'Going nicely'

Mr Roger Trigg, director of Trigg Jewellers, said: "Trade is going nicely, especially with the opening of Sundays. People are spending between R2 000 and R40 000."

He added that many well-known brands of watches and bigger pieces of jewellery were now being sold in spite of high prices and the sagging economy.

Mr James Viviers, Fedhasa regional director of the Western Cape, said hotels were showing "fair" bookings.

"Some are not as full as expected and reports that Cape Town hotels were fully booked were untrue.

"Certain hotels still offered a discount rate up to December 20. This would not have been the case had business been excellent.".

The busiest time for Cape hotels was between December 23 and January 3, Mr Viviers said.

Hire-purchase

● Business Editor Tom Hood reports that according to a bank report hire-purchase spending is sweeping the country.

Hire-purchase and rentals accounted for R1 154 million in cars, furniture and other goods in the September quarter, a report by Nedfin said.

And R27 080 million was owing to banks from HP on September 30, up from R25 926 million by July 31, in spite of Reserve Bank restraints to stop banking institutions extending their lending.

Banks "appear to have increased" lending for motor vehicles and building societies into instalment credit had made inroads into this market — mainly by reducing interest rates, the report said.

Latest industry figures indicate that the furniture industry is enjoying an upswing in sales.

as

ollow

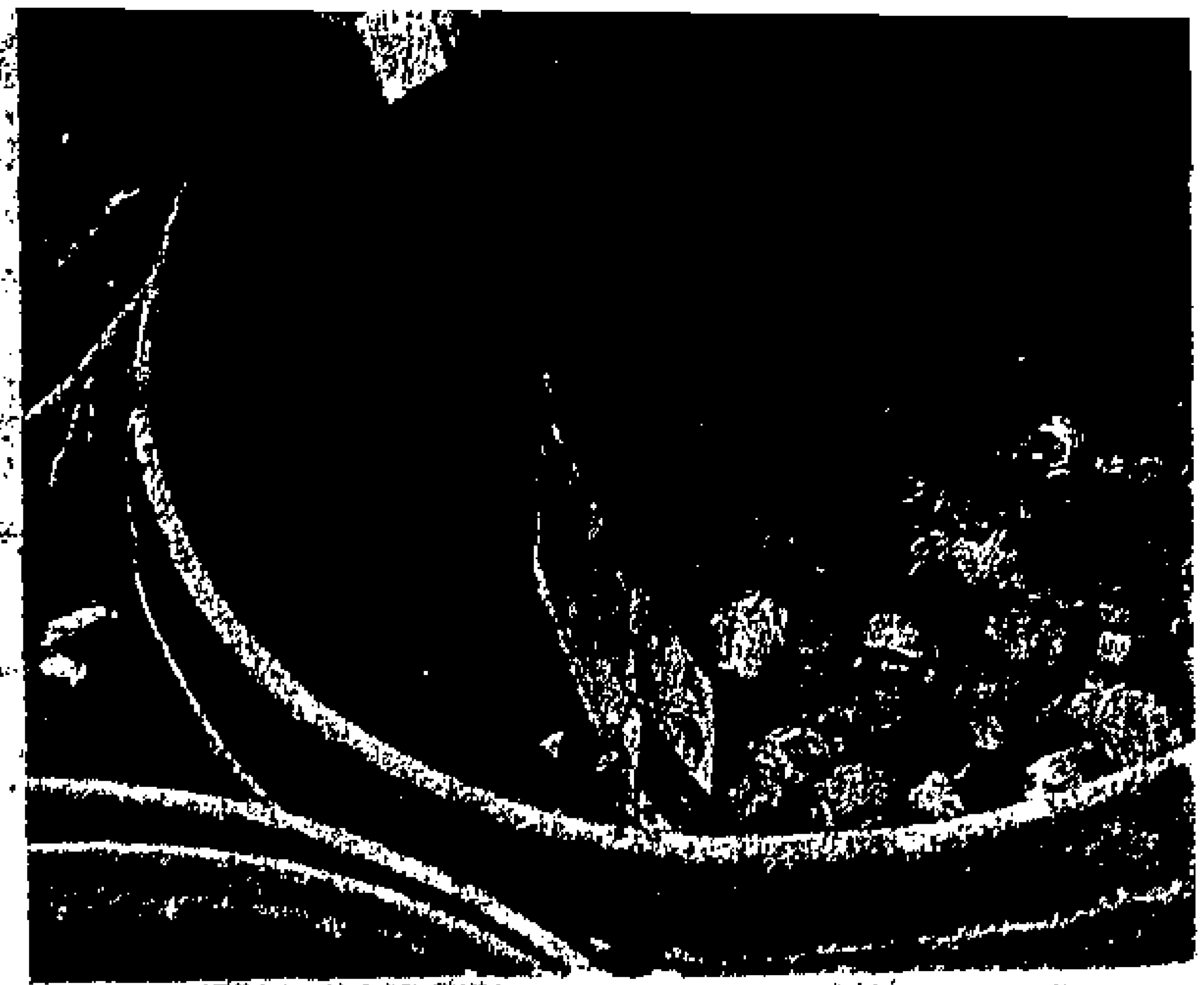
rgus

IT UP!

AMPAIGN

we should try
re's example,"
eon Markovitz
pe Town was a
mparison with
can cities.

ACH, The Argus
te van Der
1991 J & B
yesterday.
, last year's
e 20.



MONSTER MANIA: Showing the little mon
are, from left, Monte Braaz, 17, Henno Sm
Pieters, 18.

Council saves 'e from fiery destr

By ESANN van RENSBURG
Staff Reporter

CHILDREN pulled the arms and legs off Teenage Mutant Ninja Turtles and hurled them into huge bonfire drums, as more than 200 people prepared for the burning of "evil" toys at Sandbaai near Hermanus.

They tore them apart to shouts of: "I hate these toys!", "These toys are ugly!" and "The devil's toys!".

In the background parents shouted "Hallelujah!" and "Amen!" while their children added Turtle T-shirts and sweaters to the growing heap of toys.

But the big burn was not to be.

The Hermanus Town Council refused permission for the fire.

Hermanus was a seaside village, they reasoned, where many of the pensioners and retired people wanted nothing to do with a demonstration.

The toys, mostly "Slyme Finger Monsters", ...
Mr Pier...
scene.

Some ...
eyes at ...
some of ...

Malk...
the Bos...
ised the ...
"slyme" ...
substan...

"It's ...
he said.

Mom...
to add i...

An el...
a young ...
Monster ...
"She'll ...
sin, you ...

The t...
were ev...
taken ...
crushed

Hotel crush picks up speed from now on

Staff Reporter

THE rush for accommodation in many of the Peninsula's hotels is expected to increase tomorrow — although many are almost fully booked for the Christmas period.

St James Hotel manager Mr David Wilson said: "The main Cape Town season is from late December to early January. We are 50 percent full at the moment but our bookings will increase to about 90 percent later this month."

The hotel trade on the Atlantic coast had a better reservation list, with some hotels reporting 100 percent bookings over Christmas.

The general manager of the Bay Hotel in Camps Bay, Mr Peter Barber, said his hotel was fully booked over Christmas.

"Bookings do pick up after the middle of December, but there is no excess of people at the moment."

Further along the coast the Ambassador Hotel, Bantry Bay, reported a 97 percent occupancy rate but expected the main holiday rush about December 22, from when the hotel was fully booked.

SunBop shares add on 42,8% after April's low

BDay 17/12/90

288

LIZ ROUSE

AN INVESTMENT in Sun International (Bophuthatswana) when the shares were at their year's lowest would have been no gamble — SunBop shares have risen by 42,8% since their April low.

Between February and April the share price halved from R28 to R14, when investors turned twitchy about unrest. Investors apparently forgot that Sunbop's average annual compound growth rate had been 32% over the past 10 years.

The release of better than expected June year-end results in August restored the lustre of the casino-tourist group — attributable earnings were up by 38% to R157m and the group reported an occupancy rate of 80%, well above the hotel industry's level.

Analysts reported favourably on the group's prospects and advised investors to buy the then cheap shares. The result has been the recovery in the price to R20.

Over the past five years SunBop's earnings have risen from 35,1c a share to 145,2c, and dividends from 27c to 108c. This is an enviable growth record.

Perhaps a fact to be borne in mind is that gambling is a distraction in difficult times and that SunBop, through the fertile brain and energy of chairman Sol Kerzner, has kept coming up with new glamorous packages to attract gamblers and tourists.

SunBop emerged with cash resources of R223m at the end of June 1990 and borrowings of only R30m and promptly launched into new ventures totalling R1bn, in the belief that to be bold is to be successful.

The R650m Lost City at Sun City will open in the 1993 financial year. This ambitious project should provide the necessary impetus for continued growth through the '90s, according to Kerzner.

The R350m Babelegi Carousel Entertainment Complex will open in the 1992 financial year. It was expected to contribute markedly to group revenues and earnings, said Kerzner.

Significantly, the projects will open towards the end of the recessionary period.

Tourism could generate R10bn

THEO RAWANA

FOREIGN tourism would boost the economy by R10bn next year, Fedhasa executive director Fred Thermann said yesterday.

288

With the right political environment the figure could double to R20bn in five years, he added.

The industry expected about 1,1-million visitors who would generate R2,5bn and through the multiplier effect in other economic areas, this figure would rise to about R10bn.

"Looking ahead at a SA with stability through the right political environment, the figure could double to R20bn in the next five years."

Figures released by Satour early this year showed 930 393 visitors arrived from foreign countries in 1989.

Apart from using hotels, taxis and other transport and buying souvenirs, overseas tourists bought many appliances which were cheaper in SA, he said.

B Day 20/12/90

"Every facet of the SA economy — from vendors to retailers — profits from tourism," he added.

Thermann said tourism was also the most powerful job creator in SA.

"It creates new job opportunities even for the least educated, and gives them a chance to advance and become professionals."

Thermann said Fedhasa was the major player in the Tourism Liaison Council (TLC), on which all tourism actors — from the aircraft industry, tour operators, car hire companies to publicity associations — were represented.

"The TLC meets regularly and gives a united view in the members' recommendations to Satour and the Tourism Minister," Thermann said.

The industry stood to gain if the National Parks Board privatised services and concentrated its own operations on the ecology, flora and fauna, Thermann said. "Our view is that operations should be available on tender to private operators."

Hoteliers and other industry players could provide everything lacking in these parks.

Commenting on reports that liquor retailers were drifting away from Fedhasa, he said the idea was far-fetched and was born of changes that came when groups sold their stores; there would be recruitment with the new order.

Talks concerning the affiliation of black liquor association Ukhamba to Fedhasa were continuing, he said.

"Ukhamba is a fairly small association and it is desirable that we work together for greater membership and greater strength in tackling such issues as new legislation and social responsibility campaigns."

Thermann said an environment of stability and law and order had to be created in SA to ensure overseas tourists continued to visit.

Sun-Ciskei plans listing in '91

B Day 21/12/90 (288)

ROBERT WICKS

SUN International would proceed with its attempts to list Sun-Ciskei (SIC) early in 1991, Sun International financial director John Allison said yesterday.

When the firm's directors returned in January, they would reassess the situation and call a meeting of shareholders, he said, addinga listing had been contemplated by the company's directors for some time.

Compel

He was commenting on a judgment handed down in the Bisho Supreme Court by Mr Justice W Heath on Tuesday prohibiting Sun International from holding an extraordinary shareholders' meeting on Saturday to adopt the resolutions needed to procure a listing.

Minority shareholders contended that Sun International had convened the meeting urgently and in bad faith to frustrate their rights concerning the purchase of their shares.

In terms of a 1987 agreement, minority shareholders have the right to compel Sun International to purchase their shares unless SIC is listed before June next year.

Allison said the court order had merely postponed the attempt to obtain a resolution to list the company on the JSE.

But analysts said there were a number of reasons why minorities might opt for receiving a payout rather than accept a listing. There were doubts about whether the value of a listed SIC share would exceed the amount they would receive.

Sun International MD Ken Rosevear said last night that minorities, which hold one-third of SIC's shares, would receive a multiple of seven times this year's earnings if the company was not listed.

Their shares would be taken up jointly by Sun International and Ciskei People's Bank, which jointly hold two-thirds of the shares.

Analysts said political violence in the Ciskei — which resulted in the Mdantsane Hotel being destroyed by fire earlier in the year — had intensified speculation as to the viability of investment in the area.

Attempts to list SIC earlier in the year were postponed because of unsettled trading conditions caused by political unrest.

Approve

Analysts said with Sun International planning major developments in early 1991 — a R350m complex at Babelegi and extensions to Sun City totalling R650m — the group could be trying to raise additional capital, and the public listing of the Ciskeian operation might be a way to do so.

Allison said existing shareholders would have to approve a listing at a general meeting.

Only when the necessary Companies Act requirements had been met would the Ciskeian operation be listed on the JSE.

TOURISM FM 21/12/90

LINKING UP (288)

Several attempts have been made at establishing a central, computerised travel reservation system linking all the accommodation available in SA. Each time the system failed to get off the ground. Now First Reservations, a subsidiary of Travel Communication Systems, has succeeded in launching one.

A Unisys mainframe computer in Johannesburg will list thousands of beds available at caravan camps, municipal parks, game lodges and hotels. Travellers can get information on accommodation by calling a toll-free number or a regional office. Computerised Lodging Services, a Price Waterhouse subsidiary, wrote the software. The system began operating in October.

There is no charge for using it but travellers will have to pay a deposit on the beds. "That's not necessary with corporates," says Kobus Botha, project director, "but hotels are going to be wary of accepting a booking from Joe Public without a deposit, and Joe Public will be wary of giving it."

The project has taken five years and about R2,5m to develop. Russel Wolpe, of the parent company, expects First Reservations to achieve a positive cash flow by April and to break even in three years.

"We conducted a survey that showed the tourism industry is losing out on R4bn a year, much of it because travellers lack information," Botha says. "We've budgeted for recovering about 15% of that — about R600m, most of which will accrue to the hotel industry." First Reservations expects to make about 15% of that — R90m a year.

"This is the closest anyone has got to a central reservation system for the entire accommodation industry," says Federated Hotel, Liquor & Catering Association of SA executive director Fred Thurmann. "It holds great potential for the hotel trade." Previous attempts failed because of a lack of cash and inadequate technology.

About 200 organisations in the Transvaal and Natal have signed on and a push into the western Cape will be made next. Botha says several franchise-holders in the Protea Group have signed on and negotiations are under way with other hotel groups for the company to take over their entire reservations system. ■

KAROS HOTELS FM 21/12/90

SPRUCED UP (288)

Within three to four years, Karos Hotels expects to float a property unit trust on the JSE. Ultimately, the hotel group will sell all 12 of its properties to this company, with the purpose of injecting cash into Karos Hotels and reducing its debt:equity ratio, which has soared after heavy capital spending on refurbishment of existing hotels.

On September 30, the group disposed of five of its properties to a consortium consisting of Karos and two unnamed institutions. Karos Hotels owns the operating leases, while Karos and the two financial institutions control the property trust. Not all properties were sold to the consortium, as Karos still receives tax allowances exceeding R30m from the remaining seven properties. "As these allowances fall away, so we will dispose of the remaining properties to the trust," says chairman and joint MD Selwin Hurwitz.

Sale of the five properties injected about R42m into the hotel group, reducing interest-bearing debt to R29m from R42,3m at end-March and the debt:equity ratio to 52% from 64%. Hurwitz expects debt:equity to rise again to around 60%, as about R9m is to be spent on further refurbishments. "Next year we expect debt:equity to start falling consistently," he says.

The group will have spent close to R80m on upgrading its 12 SA hotels and the Polana Hotel in Mozambique since its reverse listing into the New Bernica cash shell in March

FM 21/12/90 (288)

1989. Five hotels have been partly closed, while Cape Town's Arthur's Seat has been completely closed.

Given that, the group did well to lift interim turnover by 21,7% to R32m and operating profit by 28,1% to R8,2m. Even so, high interest-bearing debt took its toll on the bottom line, as interest payments nearly quadrupled to R3,3m, depressing attributable profit by 38%, to R2,8m.

Karos now has 2 000 rooms, which Hurwitz estimates would cost R250 000 to R350 000 each to replace. All operations will be trading from this month and Hurwitz expects "considerable improvement" for the rest of the financial year.

The group has focused on the conference market and believes more companies are seeing the value of holding conferences outside their boardrooms.

The board has reviewed the dividend policy, to declare an interim dividend of 3c (6c) a share, proportionately lower than the year's total, in line with the historical better performance in the second half. Hurwitz hopes the first-half dividend will constitute 25%-30% of the total. Shareholders can, therefore, expect a final dividend of about 9c.

The price has hardly reacted to news of the sale of properties to the consortium. It trades around 180c, up from earlier lows around 150c.

Karos stands on a p:e of 5,9 and dividend yield of 6,7% and there is a discount of 45% to the 327c net worth.

The share offers value, but investors may remain cautious until gearing is considerably lower.

Heather Formby

Liquor sales not a case of small beer

(288)

GARETH BELL Bday 27/12/90

GROWTH in liquor sales for the 1990 festive season could outstrip the 9% real increase of the previous season but retailers reported a "buying-down."

Beer sales have remained resilient in the face of lower disposable incomes, helping to boost overall liquor sales. Retailers reported a "buying-down" on corporate and personal levels.

Consumers appeared to be seeking value for money quality products. However, top of the range whiskys continued to feature and have almost reached "inflation hedge" status. Demand for wine remained flat.

Dealers, including Rebel and Aroma, estimate growth at about 20% before adjustment for inflation for the festive season. Aroma MD Mike Kovensky says the gift market had become more focused with quality products, like whisky, maintaining their value in an inflationary environment. Dealers also said it was an advantage that the days before Christmas and New Year fell on normal trading days.

Stockbroker Sid Vianello said beer was the only recession-proof beverage. He expected a real increase in beer sales of between 7% and 8,5%.

Only 20% of beer sales were to white customers — which helped explain why beer sales lent stability to the industry during recessions.

SAB had a good year with no production losses, SAB spokesman Adrian Botha said.

Timeshare R210-m record

By DON SEOKANE

Turnover for Timeshare resorts have reached a record R210 million this year, an increase of 22 percent over the 1989 despite the economic downswing. (288)

Providing insight on the industry's popularity, Mr Bruce Ravenhill, managing director of the Odyssey Group and chairman of Resort Condominiums International, said total investment in vacation through timesharing in South Africa have exceeded R1 billion.

Ravenhill said the present economic climate and predictions for the future continue to make it attractive to save on future holiday alternatives by purchasing timeshare.

Inland resorts have experienced an upswing of sales while resorts along the Natal South Coast have remained static.

"From January to October, inland resorts achieved the highest number of sales with member enrolments reaching 6 658. Western Cape resorts have also shown a significant growth of 15,7 percent, compared with the same period last year," said Ravenhill.

He blamed negative publicity regarding the slump of sales of timeshare resorts in Durban.

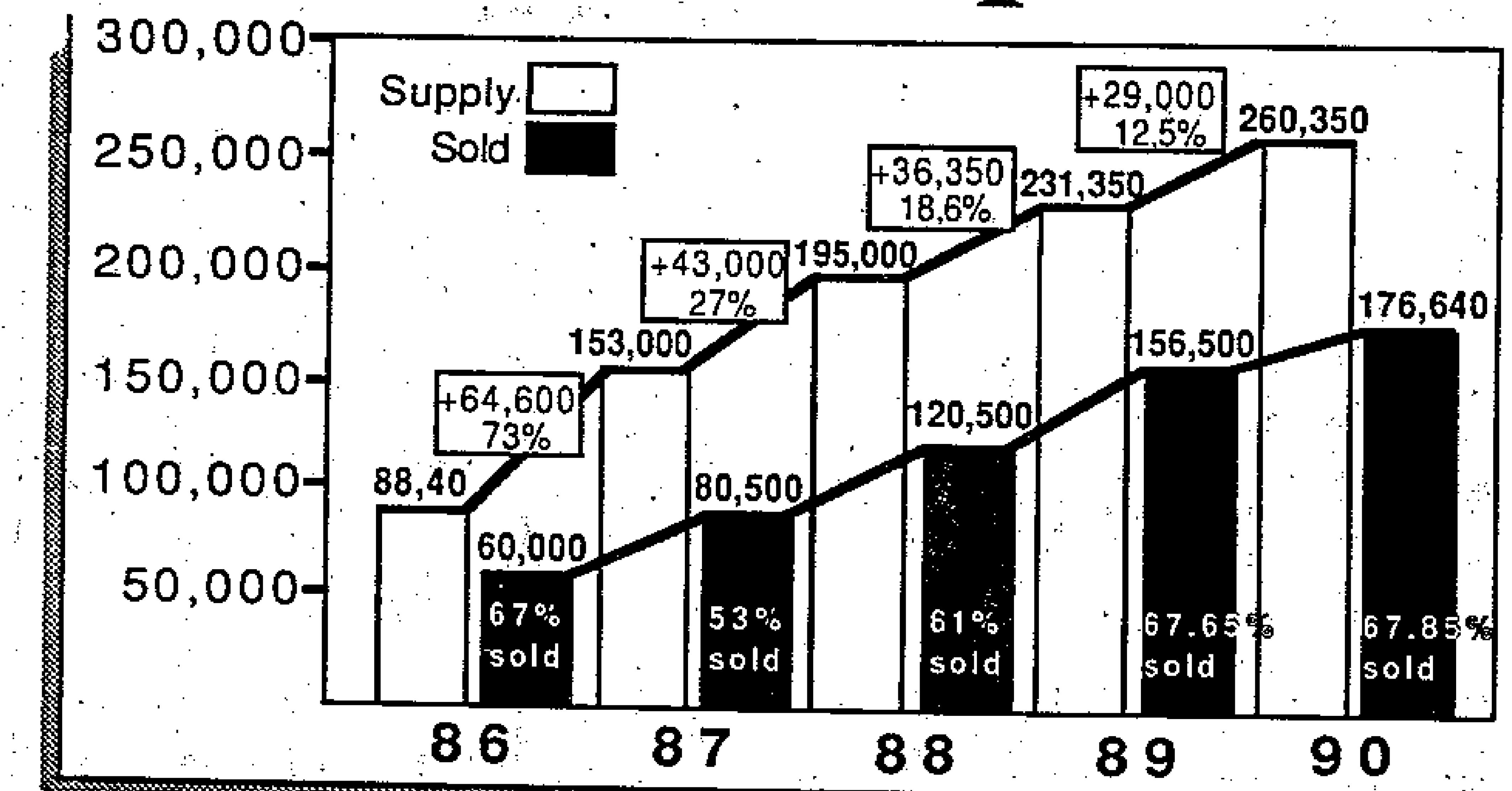
"Although negative publicity has affected sales, developers are confident that the situation will right itself because of upgraded amenities," he said.

"The Government has now recognised the role that tourism can play in the economic and social development of this country."

 Star 21/11/90 . (288)

Timeshare sales top R1-bn mark

By Frank Jeans



Timeshare sales are running at above 60 percent of available stock.

South Africa's expanding timeshare industry has resulted in the revitalisation of older properties which would have eventually become derelict and nonviable in a development sense.

Local timeshare developers — considered today to be among the best on the world scene — have seized the opportunity to revamp the properties of yesteryear and turn them into a vital component of the country's tourism industry.

Speaking at the Timeshare Conference at the Johannesburg Sun, Mr Piet van Hoven, chairman of the South African Tourism Board, said: "This improvement in the historic properties has helped to see timeshare enjoy the fastest growth in the hospitality industry in the past few years.

"Last year, well over R600 million was invested in South Africa in the development of timeshare accommodation."

The local timeshare business now has a total investment of more than R1 billion, Mr Bruce Ravenhill, chairman of the South African operation of the world vacation exchange organisation, Resorts Condominiums International.

"Sales of about R210 million were recorded during 1990 — a 22 percent increase over the 1989 figure," he said.

"In view of the socio-political upheaval and extremely difficult economic circumstances at present, this is a commendable achievement."

The average price of a timeshare week has risen to R10 500 from R8 500 last year — a 23,5 percent rise.

Mr Ravenhill sees this as being indicative of the fact that most new resorts are purpose built rather than conversions.

Moreover, competitive forces have raised the standards of quality and range of amenities at resorts.

In a breakdown of the spread of timeshare resorts, he says the inland market continues to compete intensively with coastal regions:

Western Cape: Substantial growth in sales. The ratio of peak-week prices to low-demand time appears to be too low, particularly as the area has growing appeal with European tourists.

Eastern Cape: The Garden Route, East London and Transkei are showing growth as developments take advantage of these unspoiled and under-developed holiday destinations.

Natal North Coast: Good growth, notably from a major resort launched in Umhlanga and a project in Zululand which is attracting special interest groups.

Natal South Coast: Demand is flat and there are probably too many resorts competing for a "smaller slice of the pie".

Natal Durban: The city has suffered as a result of the "sensational media focus" on the overcrowing which has occurred over three specific holidays — Christmas, New Year and Easter.

Mr Ravenhill believes the upgraded facilities and amenities will attract the tourists again as normality is restored.

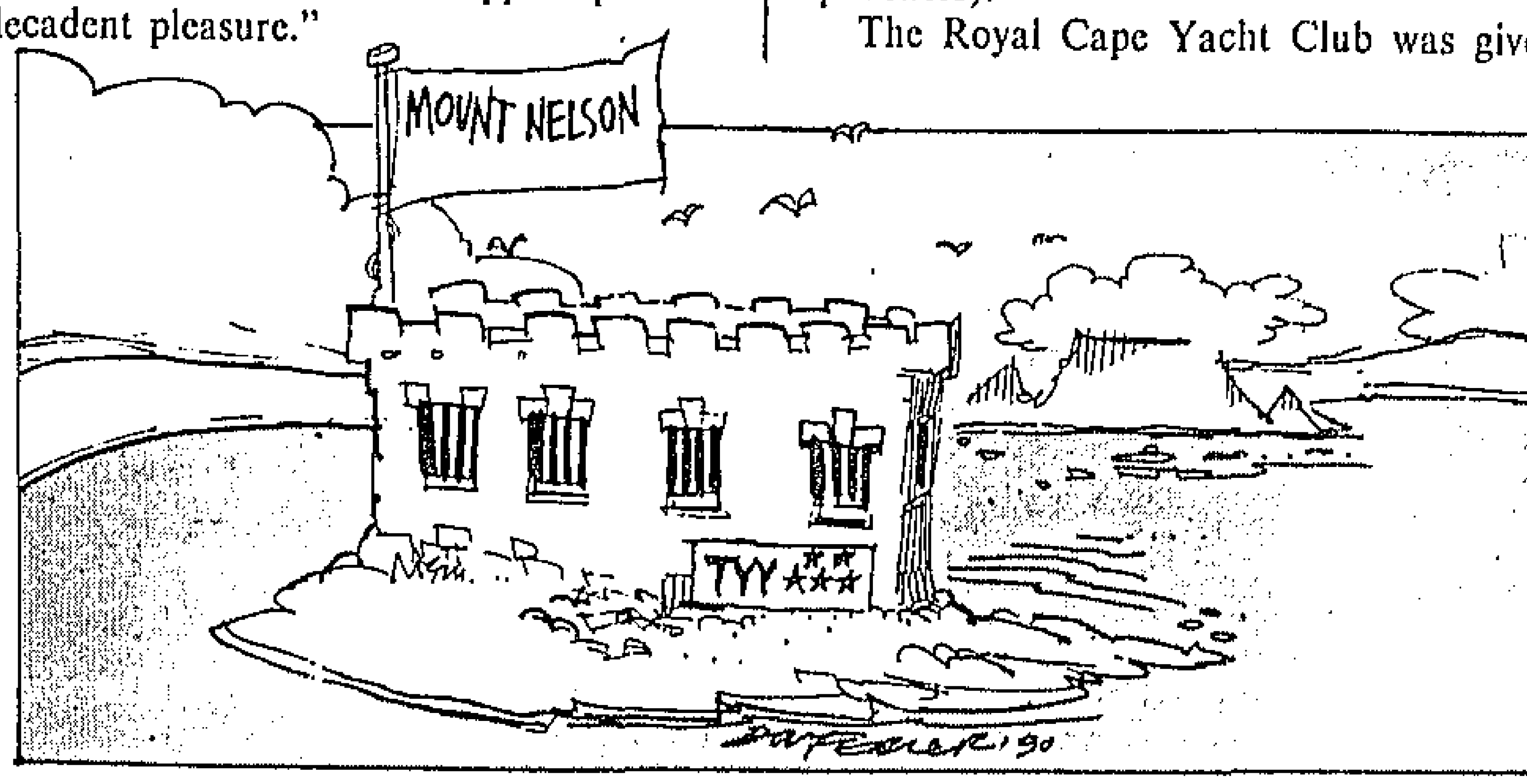
F/M 23/11/90 (288

ROBBEN ISLAND F/M 23/11/90

IN THE SUN? 288

Should Robben Island — SA's Alcatraz — be transformed into our own Coney Island? Or at least a major tourist attraction?

Yes, says Cape Town businessman Nick Malherbe and Trade, Industry & Tourism Minister Kent Durr — who see a redeveloped Robben Island as an international tourist mecca. No, says the western Cape branch of the ANC, whose regional co-ordinator Trevor Manuel wants it to become a monument rather than a "flippant place of decadent pleasure."



Malherbe has formed FRIC — the Future of Robben Island Committee — and uses whatever opportunities arise to punt the wider opening of the island to the public. He is being backed by Durr who has pledged his support in writing.

In reality, neither wants to see Robben Island become the neon-and-nightclub hub of the region. Lack of water and an ultra-sensitive ecology rule out extensive development. But some development is possible and at the same time there's no reason why part of the island, the prison perhaps, shouldn't be preserved as a monument. To many South Africans it could become a shrine of sorts, reminding them of the struggle for equal rights and the sacrifices of those who served long and arduous prisons terms for opposing what they believed was unjust.

Both tourism and a monument could be accommodated in a national park — which is in line with Malherbe's thinking. There's no denying that the 500 ha island 8 km off Cape Town lends itself to managed conservation. It's been under the control of the SA Prisons service for 25 years, during which time considerable conservation work has been done, including the re-introduction of a penguin colony and the ongoing eradication of alien vegetation.

The prison buildings themselves occupy only a small area on the north-east of the island. There is also a village for warders and their families which includes a number of historic buildings, a legacy of more than 300 years of permanent habitation.

During World War 2, an airfield and a harbour were built and massive guns — whose rusty hulks are still in place — were taken to the island to protect Cape Town from enemy attack. They were never fired in anger. The prison buildings are now regarded as antiquated, but the cost of replacing them on the mainland — estimated by Justice Minister Kobie Coetsee at R65m — means they will remain in use for the time being.

The best that potential redevelopers can hope for in the foreseeable future is a further easing of access to the island. In recent years, the Prisons Service has allowed interest groups to visit Robben Island but not the prison. According to Coetsee 33 661 people visited it last year (including people visiting prisoners).

The Royal Cape Yacht Club was given permission some time ago to build an ablution block and a braai area on the shores of Murray's Bay (the harbour) for use by members who regularly sail over at weekends. Access is either by private boat (with prior permission) or aboard one of the Prisons Service's high speed ferries.