SERVICES SECTOR — ACCOMM. LIQUOR Catering - General
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JANUARY — JUNE

Durban's holiday trade betters 1989

6/Day 3/1/91 (288)

SUSAN RUSSELL and
LESLEY LAMBERT

DURBAN's tourist trade enjoyed a better Christmas period than the previous season, with none of the overcrowding experienced on the city's beaches in 1989/90, Durban Publicity Association director Frank Vincent said yesterday.

And retailers and hoteliers in the western Cape are also satisfied with early results from the festive season — although it seems visitors spent shorter holidays than usual there.

While most Cape businesses reported reaching Christmas sales targets, it was not without some nail-biting as the seasonal spending sprees started later than usual.

Major hotel groups said their decision to offer cut-rate accommodation packages throughout December had paid off.

While some Durban hotels said room occupancy had been down on the previous year's figures, all expressed appreciation that the season had been free of violence and said this had had a beneficial effect on trade generally.

Many said police patrols on the beachfront had made a big difference to the behaviour of holidaymakers.

Vincent said while he did not have exact figures, retailers had said business had been "very good indeed".

"Generally, as far as we are concerned we had a better season than last year."

One reason for this was that the controversy over opening the beaches to all races was a thing of the past and there had been none of the overcrowding experienced last year.

A spokesman for Holiday Inns in Durban described its tourist trade as "excellent last year and this year it was better".

Holiday Inns MD Chris de Kock said its Durban hotels had had 81,5% occupancy this year against 78% the previous Christmas season.

Helder Perreira, regional manager (coastal) for Southern Sun, said the group had matched the occupancy figure of the 1989 season.

In Cape Town many smaller hotels and traderswere disappointed by the later arrivals and shorter stays of visitors.

Their hopes for the Christmas season are likely to have been heightened by the failure during the year of the highly publicised and expensive campaign to attract holidaymakers to the Cape between peak seasons.

Captour and the Cape Town Chamber of Commerce estimated the number of visitors to the western Cape was unchanged from last year's figure of 850 000. A 10% increase had been expected.

Nevertheless, the Chamber of Commerce estimated that about R900m was spent in and around Cape Town during the year and that this figure was likely to increase by 20% next year.

Major retail and hotel groups appeared to be satisfied with the early results of the Christmas holiday season.

A Captour official said it was difficult to determine whether the recent publicity about pollution along the Cape coast had affected tourism in the region. "All the beaches have been as crowded as usual."

Money no object for entertainment, particularly over the festive season

Bday 4/1/91 (288)

ROBERT WICKS and SEAN VAN ZYL

PEOPLE may have less money to spend, but this was no deterrent to their entertainment over the festive season.

Most sectors of the entertainment industry showed no real decline in turnover figures during this period.

People were turned away from theatres at Sun City in the three weeks preceeding Christmas.

However, restaurant owners in Johannesburg and Pretoria reported this week that figures were down compared with last season, although not by as much as expected.

SunBop MD Peter Wartner said yesterday that Sun City had had "one of its best December periods ever".

The Million Dollar golf competition had attracted a bigger crowd than expected, he said.

Interleisure spokesman Rob Smithyman said cinemas had done relatively well and he expected this trend to continue until schools reopened.

Ster-Kinekor MD Philip McDonald said cinema attendance during the Christmas holidays was well up on expectations.

He said the group's Durban theatres showed the strongest attendance growth, with figures climbing by about 20% on the previous year.

Johannesburg theatres recorded an average increase in attendance of 11% in December.

McDonald said that overall the value of ticket sales had also climbed by about 20% on the previous year but this was boosted by the 10% increase in ticket prices introduced earlier in the year.

McDonald added that the release of two local movies by Ster-Kinekor in December also made a big difference to the numbers.

"Local films widen the market tremendously, and are proving to be extremely popular. Generally, we had a very good Christmas," he said.

Computicket MD Percy Tucker said yesterday the recession had in no way affected ticket sales.

"Attendances were determined by the nature of the production, and if the show was light-hearted, geared towards the family and of a festive nature, there could be no question regarding sales," he said.

But Market Theatre marketing manager Suzette Leseur said ticket sales over the festive period had been "decidedly less" than those in 1989. Of the four shows at the Market, only one was Christmas-related.

Market Theatre managing trustee John White-Spunner said ticket sales for Nativity had been good, but a drop had been noticed in the other three shows. "Attention has to be paid to the idea of ensuring that shows are geared to suit the season," he added. This would be looked into.

Computicket outlets confirmed that ticket sales for Boswell Wilkie Circus had been good, and were up on the previous year's figures.

Claridges to become UCT residence

NEW RES ... Claridges Hotel in Green Point, which is to become a UCT students' residence from the beginning of next month.
Picture: RICHARD BELL

By PETER DENNEHY

THE University of Cape Town has taken over the 149-room Claridges Hotel in Green Point as a student residence.

The hotel will be leased for three to five years, according to UCT registrar Mr Hugh Amoore, and will open its doors to students next month.

One possibility was that students of the Graduate School of Business (GSB) would be accommodated there, Mr Amoore said.

There has been some talk of the GSB — or part of it — relocating to the Waterfront area.

Mr Morrie Silber, chairman of the Green and Sea Point Ratepayers' and Residents' Association, was displeased to hear about the hotel takeover.

"Each room will probably be let to two students, so you will have an influx of nearly 300 people, most of whom will probably have cars. Where are you going to put 300 extra cars?" he asked.

Mr Silber said he also hoped there would be adequate security in the residence to ensure there would be no "shenanigans".

Students were often a high-spirited lot, and "we don't want it becoming a rough-house", Mr Silber said.

The owner of Claridges hotel, Mr Eric Cheerin, said yesterday that he was retiring from the hotel business.

"We close down from the 25th of this month."

He did not interfere with his tenants, he said, but had been assured that the university would put responsible people into the building while it was used as a residence.

The hotel had been operating since 1960, when it was known as "The Assembly". He had changed the name to Claridges in 1967, and the name would not be changed again, even while it was a residence, Mr Cheerin said.

The Blue Marlin restaurant and the off-sales, both part of the Claridges complex, had been left out of the deal with UCT and would continue to operate as usual, Mr Cheerin said.

Holiday boost for city

Cape Times 11/1/91 (288)

CAPE TOWN experienced a "fairly positive" December holiday season, says the Cape Tourism Authority (Captour).

According to a Captour statement issued yesterday, the Federated Hotel Liquor and Catering Associations (Fedhasa) — which represents the formal accommodation sector — reported that turnover in Cape hotels was up about 10% on average while the informal accommodation sector had an excellent second half of December and the first week of January.

Captour's Strand Street visitors' bureau handled 27 000 visitors in December, a 13% increase over the corresponding period last year.

More overseas people arrived in the visitors' bureau after Christmas than in previous years.

Captour's policy is to make Cape Town and environs a year-round tourist and business destination. "Over the last decade we have experienced a gradual expansion of the summer season with a definite low period during the winter months," Captour said.

The statement said that hotels throughout the country had a better December holiday period than expected. A last-minute rush ensured that overall bookings were down some five percent on last year, rather than the "disastrous" 20 to 30% that had originally been predicted.

However, income earned by the industry in the period was down 10% to 20% after adjustment for inflation.

"The industry is bound to see its income for 1991 drop, but there are some positive signs as well, including reasonable forward bookings by overseas tour groups," according to Fedhasa executive director Mr Fred Thermann.

"Behind the Christmas results (which will only be confirmed once all the figures have been analysed by Central Statistical Services) is a changing mix in hotel patronage which has seen different concentrations of tourists in the wake of political change."

Mr Thermann said guests were "clearly watching the pennies when it came to spending on food and beverages in hotels.

"This helped to reduce the industry's total sales over the Christmas period, but after an initially poor start when it seemed occupancies would be down anything up to 30%, there was a last-minute rally and overall the holiday season's results were not as bad as expected," he said.

The December period failed to live up to its usual boom expectations with all hotels feeling the decline, reflecting the influx of free-spending overseas tourists with strong currencies.

Mr Thermann said there was an emerging tourist market of affluent blacks, who appeared to target Durban as a venue.

He said it was also good to note that in spite of the unrest situation, forward bookings by overseas tour groups were still relatively good, probably reinforcing a perception that the security situation, while being serious, was contained.

"The new 'bobby on the beat' policy of the SAP's Tourism Assistance Units will probably also assist in this respect, and Fedhasa has sent a message of congratulations to Minister Adrian Vlok for the speedy implementation of the units.

"Generally, however, it's clear that South African hotels face severe challenges in 1991 as a result of falling occupancies, restricted spending power, rising costs, and competition from alternative forms of accommodation.

"Nonetheless, the hotel industry is able to offer excellent packages, particularly now in the immediate post-peak period.

"In the long term however, it's clear that growth will have to come from stronger spending power among the country's black population and from overseas tourists." — Sapa

Last minute bookings helped hotels

EDYTH BULBRING

SA HOTEL bookings declined 5% this December compared with the same period last year, while the industry's Christmas income was down by 10%-20% in real terms, Fedhasa executive director Fred Thermann said yesterday.

Fedhasa earlier predicted a disastrous 20% to 30% drop in bookings over Christmas, but a last minute rush improved the situation.

Thermann said there was an emerging tourist market of affluent blacks, who appeared to target Durban as a venue.

However, the recession meant there were fewer people going on holidays for shorter periods with less money to spend.

He said the food and beverage side of the market suffered badly. Those hotels that had made product and price adjustments to suit the growing black market had fared better.

Up-market hotels did reasonably well judging from initial feedback. This reflected the influx of free-spending overseas tourists with strong currencies.

Barring a sudden, unexpected economic recovery, bookings would undoubtedly drop during the coming months, Thermann added.

Hotels faced severe challenges this year because of falling occupancies, restricted spending, rising costs and competition from other forms of accommodation.

Business conditions generally were "flat" and corporate expense accounts had been curbed, affecting hotel and restaurant incomes.

However, despite the unrest situation, forward bookings by overseas tour groups were still relatively good, probably indicating a perception that the security situation, while serious, was contained.

Long term, however, it was clear growth would have to come from stronger spending by blacks and overseas tourists, Thermann said.

Fedhasa boss to play mine host again

S/Times 13/1/91.

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By CHARMAIN NAIDOO

FRED THERMANN, for seven years head of Fedhasa, is giving up administration to return to his first love — hotels and restaurants.

Mr Thermann will become chief executive officer of the hotel division of Aroma Liquor Holdings in Cape Town (Brackenfell).

The Aroma Protea Hotel and Conference Centre is in the stable of JSE quoted Aroma Liquor Holdings.

Mr Thermann says: "I am a trained hotelier. I came to SA in 1957. Except for the years with Fedhasa, I have been involved with hotels and restaurants."

Mr Thermann started the restaurant Chez Zimmerli in Rosebank, Johannesburg. He sold it in 1969.

Onerous

Then came La Caravelle, followed by Le Chalet which he opened in Cape Town in 1980.

Mr Thermann was food and beverage manager for Holiday Inn, first as regional director for the coastal area and later for the group.

"When Holiday Inn was sold to Southern Sun, I bought a French restaurant in Johannesburg. I sold it in 1987 when my duties at Fedhasa became too onerous to allow other business interests."

He calls Fedhasa his "special interest".

"Fedhasa was regarded as a liquor-oriented semi-government body. I set about changing that. Using sound business principles Fedhasa introduced regional offices and improved services for members. It also introduced business seminars.

"Our image improved dramatically."

Fedhasa tried to ensure that the hotels were not subject to restrictive legislation.

"We fought long and hard for deregulation. Through our lobbying changes have been made in the Hotels Act.

"The changes in the Liquor Act in 1986 — racial and sexual discrimination was removed — were a triumph after years of lobbying."

Mr Thermann says it is one of the things of which he is most proud. Fedhasa helped to convince potential foreign visitors that SA hotels were not stigmatised by racially segregated hotels.

He also chalks up changed trading hours as a Fedhasa success.

"Until relatively recently, hotels had to close their bars at 11,30pm. Now they may close at 2am."

No end yet to Randburg hotel saga

BDay 16/1/91

(288)

Reports by
CHARLOTTE MATHEWS

RANDBURG businessmen are still waiting in vain for a hotel in the CBD that has been promised by the town council for several years and is intended to revitalise the area.

"Every now and again we hear something about a hotel," Randburg Chamber of Commerce and Industry executive director Ernest Atkinson said. "A hotel would help, but one of our big needs is a conference centre.

"If you look at the shortcomings of the Randburg CBD you have to bear in mind that it provided virtually the first pedestrian mall in SA."

Guvon Investments director Gustav Pansegrouw, whose company built the Sandton and Morningside Clinics, said there was definitely a need for the Randburg CBD to be pepped up.

He said the problem with Randburg was that it did not attract enough young people. He believed the new Northgate would kill the Randburg CBD.

Several years ago what was intended to be a hotel was built in Hans Strijdom Avenue, but the standard of the development was found to be unsuitable and it has been empty for some time.

About a year ago the Randburg town council set aside a 25 000m² site for a hotel. It is currently the parking lot behind Pick 'n Pay. The idea was that the land would be sold at a nominal R1, but the developers would be responsible for providing about 550 additional parking bays. This would constitute the real cost of the land.

Tender

One developer said the additional bays would cost about R10m to build, and another R1m would have to be spent on upgrading services to the site.

Tenders for the development of the hotel were invited, with the proviso that the tenderer had to raise sufficient finance for his project. Four groups responded — a consortium including Orchid Hotels; Stocks & Stocks/Taljaard Carter/City Lodge, Group 5/Naude Vos/Wesco and Basil Powell.

The successful tenderers were the Orchid Hotels consortium.

"We were looking at something to give an identity to Randburg," said Orchid Hotels director Peter Bold. "But a hotel alone would not be viable so we decided to combine it with an office block and retail facilities, making a full commercial development like the Carlton Centre. The potential costs were well over R250m."

The consortium found financing overseas.

He said brokers travelled from London to finalise an insurance package, and to assess the situation in the country.

"They arrived on the day violence broke out on the East Rand. They refused to give the insurance cover and the financing deal fell through."

Since then the consortium had worked at setting up the financing again, said Bold, but the municipality wanted an early start with the building.

Guarantees

Randburg management committee chairman André Jacobs said council had now decided to award the tender to another group.

"The original tenderer was not able to come up with the necessary financial guarantees, although we gave them a year."

Jacobs would not name the tenderer, but it is understood to be architects Basil Powell, with a development worth over R300m.

Powell said he was unable to give any information.

The council expects to make a decision shortly, Jacobs said.

Strand Pavilion project sells well

BDay 16/1/91

THE joint Intraplan and Dave Venter timeshare and hotel development, Strand Pavilion, has sold units to the value of more than R2,4m for the December holiday season alone. This brings the value of units sold in last year's marketing campaign to more than R16m.

Strand Pavilion is on False Bay and projects 30m out to sea.

The resort has R25m in units available. When complete it will offer 58 residential units, ranging from a 35m² single unit to a 114m² three-bedroomed penthouse suite. Prices range from R6 000 a week to R65 600 a week for the penthouse over Christmas and New Year.

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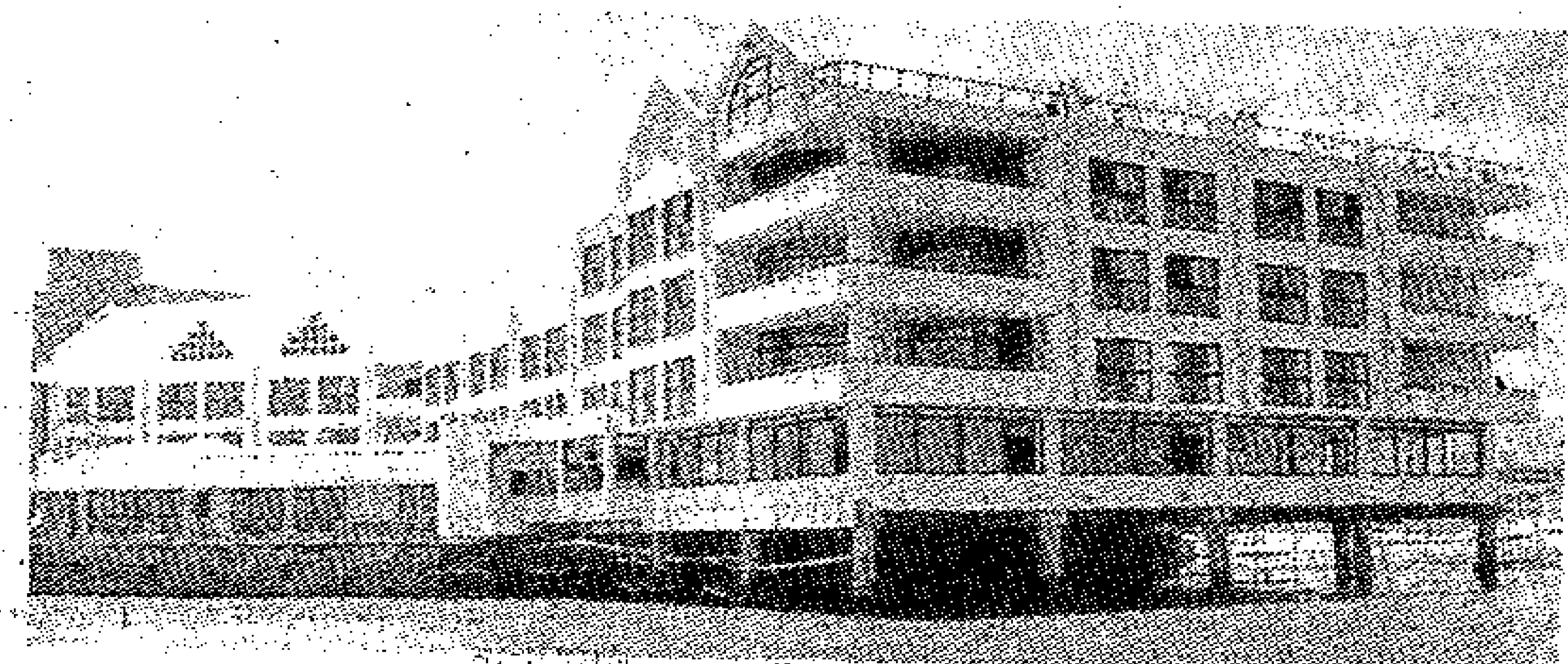
On the ground floor, Strand Pavilion offers 2 200m² of shopping, of which 80% is now let to boutiques and speciality shops. The main tenant is the Boardwalk restaurant.

Strand Pavilion also has hotel accommodation, and entertainment and conference facilities.



A view of the new hotel, timeshare and retail development, Strand Pavilion, on the False Bay coast. It extends 30m into the sea.

A bumper Christmas for waterfront scheme in Cape Town harbour

B/Day 16/1/91 (288)

THE new Victoria & Alfred Waterfront Development had an "unbelievable" holiday season with a peak of about 27 000 visitors to the site on December 29, V & A publicity manager Maureen Thomson said this week.

"We have probably levelled off to about 12 000 visitors a day now," she said.

"Our total pierhead area seats about 1 500 people a day for meals, with two sittings a day for lunch and dinner. These restaurants are usually filled to capacity four or five nights a week."

Bertie's Landing manager Alan Richards said it was too early to assess how the business was going, but turnover had risen by 25% over Christmas.

Curiosity

Neil Markovitz, manager of the Victoria & Alfred Hotel which opened on December 21, said occupancy rose to about 90% over the Christmas period but had subsequently levelled off to about 50% or 60%.

"The hotel facilities have also been extensively used by non-residents. For example, today we had 120 people for lunch in a restaurant that holds 60.

"There has been quite a lot of curiosity about the hotel because it is new. We gave away about 8 000 brochures in 10 days. At one stage there were so many people coming in we had to monitor entry."

The developers managed to finish a large proportion of the paving by December 15 to make the area, much of which is still under construction, safe for visitors.

"We had no disasters," Thomson said. "The whole pierhead area was left in a very safe state by the construction workers.

"We had a maintenance team on duty 24 hours a day and also increased our security measures.

"There were about 3 000 people in one pub alone on New Year's Eve but everything went very smoothly."

Thomson said another two restaurants would open by the end of March — the Harbour Cafe and the Pierhead Pavilion — and the official launch of the V & A development would be held in May.

Dashing gets off to a good start

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MARCIA KLEIN

DASHING Office Furniture, a Mathieson & Ashley company, has started off 1991 with an order book of R23m.

Dashing MD Franco Barocas said the order book — the largest in the company's history — resulted from the award of some major corporate contracts, including from First National Bank, Safmarine, Hoechst and Allied Bank. B/Day 23/1/91

This was achieved despite a decline in the office furniture market of between 30% and 40%, Barocas said.

Dashing estimated its sales for the second half of financial 1991 to June would be even better than over the past six months.

Dashing's success "has resulted from intelligent recessionary planning, and our strategy was put in place well in advance of the general economic downturn".

He said Dashing's market penetration was increasing steadily "at the expense of several of its competitors", and it held a 25% share of the systems office furniture and records management market, valued at about R250m a year.

"Weaker manufacturers of office furniture tend to be overreactionary to statements about the state of the market, and in reality many office building projects initiated during the more buoyant economic periods, are only now coming to fruition."

New hotel at Tumahole

A new R3,5 million hotel called Partuma has been officially opened at Tumahole, Parys, writes **ALI MPHAKI**. (288) Sowetan 24/1/91

The hotel is a joint venture project between the South African Taverners Association (Sata), Quantam, CIB and Koebek liquors, with Sata holding 51 percent majority share holding of the project.

Hotel Partuma has distinct features, such as rooms for accommodation, a nightclub and a ladies' bar.

A wholesale liquor licence has been acquired and construction has been completed and should be operating in the next few months. It is envisaged by Sata that similar projects will in future be undertaken in areas like Sharpeville and Kagiso.

Boland expands tourist facilities

Cape Times 26/1/91 288

BUOYANT tourism conditions in the Boland are attracting substantial investment in new private accommodation facilities, restaurants and, in Paarl, yet another resort hotel development. JANE HAUGHTON reports ...

ONE of the most costly resorts yet built in South Africa, a mix of hotel, log cabin timeshare, caravan and camping facilities, will be constructed in Paarl over five years at a cost of R56 m.

Developer Hugo Basson's company, Paarl's Spa, represents a consortium of Western Cape and overseas businessmen. He said negotiations with backers were "at a crucial stage", though full details were not yet available.

The 31 ha site is the Waterentjiesvlei caravan and camping park next to Paarl golf course, which the municipality sold to Paarl's Spa for about R1 m. The company also has an option to purchase an adjacent 20 ha, used currently as a municipal dumping site. However, the local authorities are expected to release this property only in four or five years' time.

Basson said the complex would be able to sleep 2 000 people, with full recreation facilities for about 500 day visitors. There would be full conference facilities. A wine tasting centre, at which he hoped wine farmers throughout the Western Cape would be represented, was also planned. The vlei itself was to be proclaimed a bird sanctuary.

Tastings free

Commenting on the viability of such a massive investment in the area, Basson said the resort would be open to all races. The site was specifically chosen to take advantage of the increasing number of holidaymakers in the region and coming to it.

A spokeswoman for the local tourist office said Paarl had suffered from a lack of accommodation in the past but this was changing rapidly.

She said: "More than 2 000 people signed our visitor's book in December, about the same as last year, but it definitely feels as though more people are visiting and staying over.

"Our wine route, which still has free tastings, unlike Stellenbosch, has become very popular and more estates are offering lunch venues. The Rhebokskloof restaurant, for instance, is new."

The tourist office recently sent out 10 000 copies of a new brochure to tourist centres throughout the country.

The spokesman said: "The holiday season went much better than expected — we had many visitors from Natal and Germany."

The Waterentjiesvlei is the third major development underway in the area. The manor house on the farm Waterkloof is being converted into a luxury hotel and an overseas investor is building a R14 m hotel on De Nieuwe Plantasie farm at the foot of Paarl Rock. Several new guest houses have been built in the past year and there has been a substantial increase in the provision of private accommodation on surrounding farms.

In the small town of Franschhoek there are 11 restaurants, the newest one being Polfyntjies (Little Treasures). The owner of the well-established La Petite Ferme, Mrs Carol Dendy-Young, said the town had had a busy season. She said: "We've been overflowing since November."

A local hotel, the Swiss Farm Excelsior, recently launched a R3,2 m time share project on the property and more private farms are offering cottage accommodation.

Although the town has little to offer in the way of sightseeing other than the beauty of its valley and good food, its new wine route is gaining in popularity. Several more estates are planning to open to the public this year.

A spokesman for Stellenbosch's tourist office said she had on her books 75 farms or homes offering accommodation. In the town itself, all the hotels, university hostels and guest houses were fully booked over Chrstmas and New Year.

She said: "We were expecting a drop in visitors but their numbers were at least the same those of last year. We are also actively promoting the town as a winter destination by offering package deals with SAA and local hotels."

Liquor price hikes likely to dampen spirits

288 [redacted]

MARCIA KLEIN

LIQUOR retailers and consumers are likely to be in low spirits when liquor price increases come into effect on Friday.

The price increases (which exclude beer) will range between 8,3% and 16%, says Fedhasa Chamber of Liquor Retailers (Fedcol) chairman Len Pollvnick.

He says the price hikes will place pressure on liquor retailers' margins and profitability in 1991.

"Consumer demand is expected to be severely dampened by the increase, and consumers are likely to trade down."

Union Wine national sales manager Schalk Burger says his company is "in the hands of KWV, which controls the price fixing of wine".

He says a good bottle of wine will go up by about 16%, medium price wines by 12% to 16% and lower priced wines by 12%.

Last year wine prices increased by between 12% and 15% and Burger says "there was quite a cutback by consumers on expensive brands" as a result.

He says KWV and the co-operatives stand to gain from the price increases at the expense of wine retailers. KWV was unavailable for comment.

Sapa reports that the price hike can be attributed to increased production costs.

Fedhasa executive director Fred Thermann says the increased costs of retailers will be curtailed by tough competition and consumers should shop around.

Producer price increases will have to be passed on directly to the public, he says.

International liquor consultant Michael Fridjhon says the increases are well below the industry's input inflation and inefficient producers will feel the crunch.

Interleisure MD hopes to restore confidence

B/Day 30/1/91 (288)

MARCIA KLEIN

INTERLEISURE's new 36-year-old MD Mike Egan hopes to restore investor confidence in the group now that problems in the food and sport divisions have been ironed out.

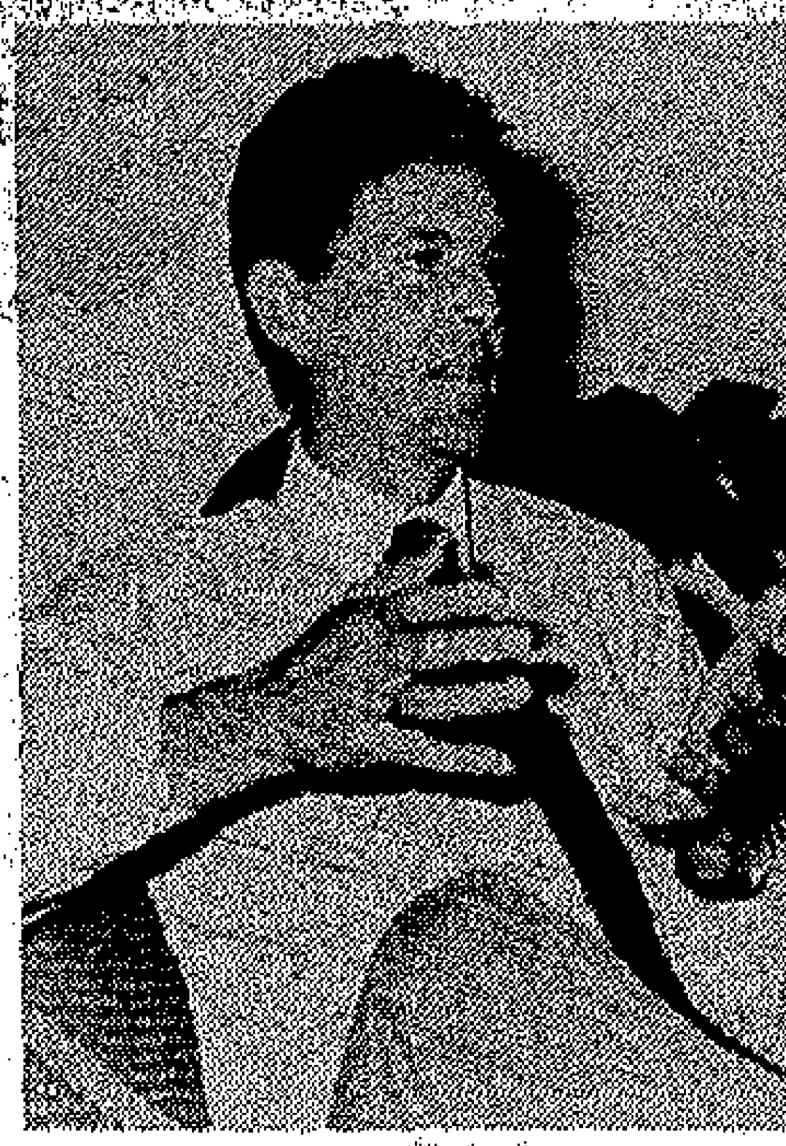
In an interview yesterday Egan said: "As the core business — including cinema, production and services — is running well now, I will not be making any changes in that sense, but I want to restore the confidence of the market by achieving results and communicating more effectively."

He becomes MD on February 1 following the resignation of present MD Anthony Salusbury, who informed associates on January 1 that he would be leaving the group at the end of this month to take up the post of MD of Sun Couriers, a company in the fold of United Service Technologies (Uniserv).

Egan could not comment on who would take over his previous position as group financial director and CE of the services division.

He was reluctant to expand on his plans, but said these would be more for the medium to long term, with few changes to the group which was running well.

He said the market had not responded to the rationalisation of the food and sport divisions as the changes had come to fruition only in the last few months. The share closed at 140c yesterday after reaching a high of 190c in February 1990 and a low of 100c in August 1990.



● EGAN Picture: Catherine Ross

However, Egan said the strong recovery in the two divisions would be reflected in the group's results for the six months to December which will be out early next month.

In the year to June 1990, Interleisure reported an 11% increase in earnings to 18,9c a share on a 3% increase in turnover to R386,1m.

Egan said the group might have to build a track record for a year or two before the share would be fully rerated.

Egan said Interleisure was still hoping to get permission to screen films on Sundays, and the group had undertaken extensive market research which showed an overwhelming response in favour of this proposal. However, the matter was in government's hands.

He said the extra day's trading would boost Ster Kinekor's growth.

Egan said the high gearing ratio of 39% 18 months ago (20% at the June 1990 year-end) had come down substantially, and the group's improved cash position would be reflected in its results.

The drop in gearing was achieved despite the recent internally funded upgrading — especially in the cinema division, where capital expenditure of R20m was budgeted for the expansion of cinema facilities.

Egan expects Interleisure's interest bill for the six months to December to be half of the R4,3m reported at the December 1989 interim stage.

Egan matriculated in 1971 and studied for a CA at Wits University. After completing his articles at Deloittes, he joined the Rennies Group and in 1983 was appointed as financial director of Holiday Inns.

In 1985 he became financial director of Kersaf/Federale-controlled Satbel, and became Interleisure financial director when it was listed in 1987 after Satbel acquired control of Mike's Kitchen and Squires Loft.

ANIES

Drop Inn sells Benny Goldberg's for R8,2m

B/Day 7/2/91 MARCIA KLEIN (288)

LIQUOR distributor Drop Inn has sold its Transvaal-based retail liquor store subsidiary Benny Goldberg's for R8,2m cash.

The buyer is a company called Final Call Investments, controlled by Kersaf director Ernest Robert Rutter.

The selling price, which is the book value of the gross tangible assets of the business, will be paid over a four-month period.

A statement issued by Drop Inn executive chairman Sam Berk said the disposal of Benny Goldberg's would allow Drop Inn "to concentrate its resources on the development and expansion of its core business of liquor retailing in the western Cape".

The announcement said the buyer would be able to use the Benny Goldberg's trademark if it paid Drop Inn an annual fee of R140 000.

Alternatively, Final Call could acquire the trademark — together with shares in Benny Goldberg's Liquor Supermarket — for R2,3m cash on March 1 1995.

If the option was not exercised, the buyer would be obliged to purchase the trademark and the shares for R5m cash on March 1 2001.

Berk said the disposal would have no effect on the net asset value of Drop Inn.

He said in order to estimate the effect of the disposal on Drop Inn's earnings, the disposal has been assumed to have occurred in March 1989.

Drop Inn recently sold off its property interests to the Berk family trusts for R12,7m.

In the year to end-February 1990, thefts in Benny Goldberg's knocked Drop Inn's results.

However, in the six months to end-August, Drop Inn turned around its Benny Goldberg's operations and it subsequently reported a 15,6% increase in after tax income to R1,9m.

Orient Hotels invests in new Cape venture

PETER GALLI (288)

ORIENT Express Hotels, the international hotel group which owns the Mount Nelson, has made a substantial investment in and signed a 30-year management agreement for Fancourt, an SA leisure property in George, a statement says.

The property, when developed, will have a country club, a Gary Player-designed 27-hole golf course and 292 corporate and executive lodges.

In order to accommodate the Orient Express Group, Fancourt property owner Andre Pieterse and a British consortium led by Abraham van Praagh formed a new company, Golf Estates, which in partnership with the Orient Express Hotel group has acquired 75% of the share capital of Fancourt. B|D 4/3/2/91

Infrastructure

The other 25% is owned by Masterbond Trust of Cape Town.

The project has an infrastructure cost of about R110m and a further R19m will go towards the building of corporate and executive lodges that will be on freehold title.

Speaking at a banquet to mark Orient's new investment, Trade, Industry and Tourism Minister Kent Durr said: "Orient's increased investment in the SA tourism market is a sign of the growing inclusion of SA on the world tourism agenda and is a vote of confidence in the new SA by a leading player in the world tourism market."

Durr said government estimated that a record number of well over 1-million foreign tourists arrived in SA in 1990.

This was expected to double by the turn of the century.

Drop Inn sells Benny Goldberg's for R8,2 million

(288)

Finance Staff STAR 7/2/91

Drop Inn Group Holdings has sold the gross tangible assets of Benny Goldberg's to Final Call Investments for R8,2 million in cash. Final Call is controlled by Ernest Robert Rutter.

The first payment of R1 million will be made at the end of this month, R2,7 million will be paid at the end of March and again at the end of April and R1,8 million at the end of May.

Drop Inn says if the sale had taken place in 1989 its earnings would have increased from 33,4c to 35,9c a share.

Drop Inn will retain the trademark Benny Goldberg's, which Final Call will be allowed to use for an annual fee of R140 000.

Final Call has an option to buy the Benny Goldberg's trademark and shares in Benny Goldberg's Liquor Supermarket (Pty) on March 1 1995 for R2,3 million.

If this option is not exercised, Final Call will be obliged to buy them on March 1 2001 for R5 million in cash.

Drop Inn says the sale will enable it to develop and expand its core business of liquor-retailing in the Western Cape.

SA back on tourist map — Durr

Star 7/2/91

(288)

Own Correspondent

CAPE TOWN — Political changes in South Africa have put the country back on the international tourist map, said Trade, Industry and Tourism Minister Kent Durr.

Mr Durr, ambassador-delegate to London, was speaking at the Mount Nelson hotel where it was announced that an international hotel group, Orient Express Hotels, had taken over a controlling interest in Fancourt, an elite golfing resort near George.

Fancourt features a 27-hole golf course designed by Gary Player, a luxury hotel and freehold private lodges costing up to R1,5 million.

Mr Durr described the investment as a "sign of the growing inclusion of South Africa on the world tourism agenda" and a "vote of confidence in the new South Africa by a leading player in the world tourism market".

Figures showed that about one million foreigners visited the country last year.

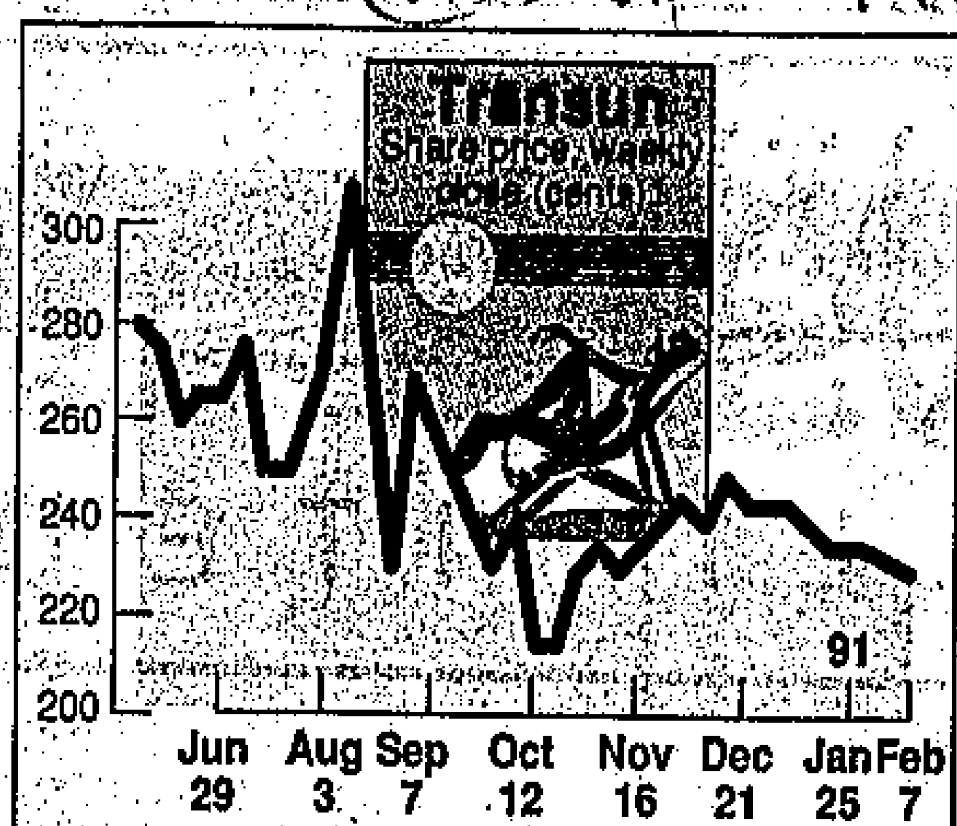
"It is a magic figure that will create a new basis from which to grow and we expect two million visitors by the end of the century," he said.

Higher gaming levies hit Transun

MARCIA KLEIN

INCREASED gaming levies and higher wage costs slashed hotel group Transkei Sun International's (Transun) earnings in the six months to end-December 1990.

These two factors converted a 20% rise in turnover to R95,96m (R80,24m) into a 2% growth in operating profits to R33,63m (R33,04m). (288) B/Day 8/2/91



Graphic: LEE EMERTON Source: JSE

Transun chairman Ken Rosevear said yesterday the higher gaming levies were a result of an accord with the Transkei government. Gaming levies rose to 7,5% of gaming revenues from March 1990 from their previous 5% for casino operations and 2,5% for slot machines.

Rosevear said wages had increased "quite dramatically" over the past year.

He said operating profit would have grown by about 17% growth if not for these uncontrollable factors. However, the group had anticipated the effect of the increase in levies on earnings and had warned at the June 1990 year-end that growth in financial 1991 would be only marginal.

The growth in turnover was "due to the resilience of the gaming industry".

Occupancies at the Wild Coast Sun averaged 75% for the period, which was "con-

☐ To Page 2

Transun B/Day 8/2/91

(288)

☐ From Page 1

siderably higher than those attained by the hotel industry in general in SA".

Although operating profit had increased only marginally, a substantially reduced interest bill of R24 000 (R108 000) and a 72,5% growth in interest received — to R3,18m — saw pre-tax profit up by 6% to R36,78m (R34,77m).

Attributable earnings were up by 7% to 26,35m (R24,68m), and earnings increased similarly to 18,2c (17c) a share.

An interim dividend of 13,75c a share was declared, reflecting a 6% rise over the 13c a share declared in December 1989.

Legal opinion had been sought over claims of R78,4m made by Jalc Holdings against Transun, some of its directors and an associate for alleged defamation.

Rosevear said in the light of legal opinion, "directors consider the claims to be vexatious and their effect on results, if any, unlikely to be material".

Earnings in the second half are expected to approximate those of the first half.

The planned expansion of the Wild Coast Sun has been delayed "due to the pressure of conference bookings in the first half of 1991", and Rosevear said the construction programme should start towards the end of financial 1991.

Star 8/2/91

Levies, wages erode Transun performance

268

By Ann Crotty

Increased gaming levies and higher wage costs reduced the benefits of a 20 percent hike in turnover for Transun, leaving it with an operating profit increase of only two percent.

Earnings a share were up seven percent at 18,2c (17c). An interim dividend of 13,75c (13c) a share has been declared.

On turnover of R95,9 million (R80,2 million), operating profit was up two percent at R33,6 million (R33 million).

Interest received shot up to R3,2 million (R1,8 million). After tax of R10,4 million (R10,1 million), attributable earnings were seven percent ahead at R26,3 million (R24,7 million).

Occupancies at the Wild Coast Sun averaged 75 percent in the review period.

The directors refer to claims totalling R78,4 million for alleged defamation by the company of Jalc Holdings. Transun is defending the action.

Management is looking to second-half earnings in line with those of the first half.

FIM 8/2/91 (288)

TOURISM (288)

PROMOTING ZULULAND

Long-slumbering northern Zululand is finally coming out of hibernation. It's launching another attempt to attract more domestic tourists. FIM 8/2/91

This time the effort will be spearheaded by the Zululand branch of the Tourism Association of Natal and KwaZulu. It will be chaired by Rob Deane, MD of Zululand Safaris and Bushlands Game Lodge. The association consists of representatives of 32 tourist bodies, including the provincial administration and KwaZulu government.

The initiative is in line with the tourist authorities' plans to relieve pressure on the Kruger National Park by developing the attractions of peripheral game parks.

Much needs to be done. Zululanders will have to be persuaded to contribute to a fund to popularise the region's attractions. Past experience shows this won't be easy. Some of the existing accommodation will also have to be upgraded. Natal Parks Board seems to have done a good job of game conservation but it will have to learn the niceties of promoting tourism — or let private enterprise take over.

Previous attempts at promotion were stymied by those who questioned the need to sell the area to South Africans, especially those outside of Durban and Natal. They argued that the SA Tourism Board does a good enough job of attracting overseas tourists.

Some game farms derive nearly all their income from foreign tourists. Deane, for example, says he earns 99% of his income from foreigners — Britons, Germans, Italians. Swiss and a growing number of Taiwanese. Most of them are reluctant to surrender this valuable custom in favour of domestic tour-

Continue →

 FIM 8/2/91 (288)

ists but they realise that, without a boost from the local market, Zululand will not be able to counter the increasing competition from principal game parks.

The potential is certainly there. Northern Zululand offers the big five (lion, elephant, buffalo, rhino and leopard) in four reserves — Hluhluwe, Umfolozi, Mkuzi and Ndumu. In addition, it boasts SA's largest fresh water estuary, Lake St Lucia, historic battlefields and resorts that introduce visitors to Zulu culture.

The area is also attracting overseas investment. The Zoological Society of London has reportedly formed a consortium with British financiers J H I International and Londolozi, a local safari company, to acquire 8 000 ha in northern Zululand for an hotel and safari camp.

Peter Ruddle, MD of Mkuze Trails and manager of the Ngweni Hotel, says the property is at Phinda, 35 km from Hluhluwe on the road to Sodwana.

He believes the society intends using it to improve the genetics of its animals in captivity, particularly rhino, but says it may allow limited hunting for culling. ■

Wholesale beer prices rise 9,7%

288

MATTHEW CURTIN

BDay

WHOLESALE beer prices go up by an average of 9,7% today in the wake of SA Brewery's announcement of the price hike at the weekend. BDay 11/2/91

An SAB spokesman said the price increase would vary according to packaging and geographical areas, depending on transport charges.

SAB brewery division MD Graham Mackay said the rise was below the rate of inflation for the 14th successive year.

SAB had made sure quarts and pints would be affected by the lowest increases of about 9%. Quarts and pints make up about 75% of the beer market in SA.

Mackay said the "small increase" demonstrated SAB's contribution towards the fight against inflation.

He said SAB had no control over retail prices as bottle store and bar owners set their own prices.

SunBop hits jackpot with earnings up 22%

12/2/91

288

MARCIA KLEIN

SUN International Bophuthatswana (SunBop) has once again hit the jackpot with its results for the six months to end-December 1990, which reflect a 22% increase in earnings.

The strong performance is likely to boost holding company Kersaf's results, which will be posted later this week.

SunBop, whose interests include three hotels at Sun City, and the Mmabatho, Thaba Nchu, Molopo, Morula, Taung, Naledi and Tlhabane Sun hotels, reported a 22% increase in earnings to 82,3c (67,6c) a share and declared a 22% higher dividend of 55c (45c) a share with a 1,5 times cover being maintained.

Turnover increased by 23% to R388,6m (R316,6m). However increased wage rates put a squeeze on operating profits which rose by 17% to R112,3m (R95,9m).

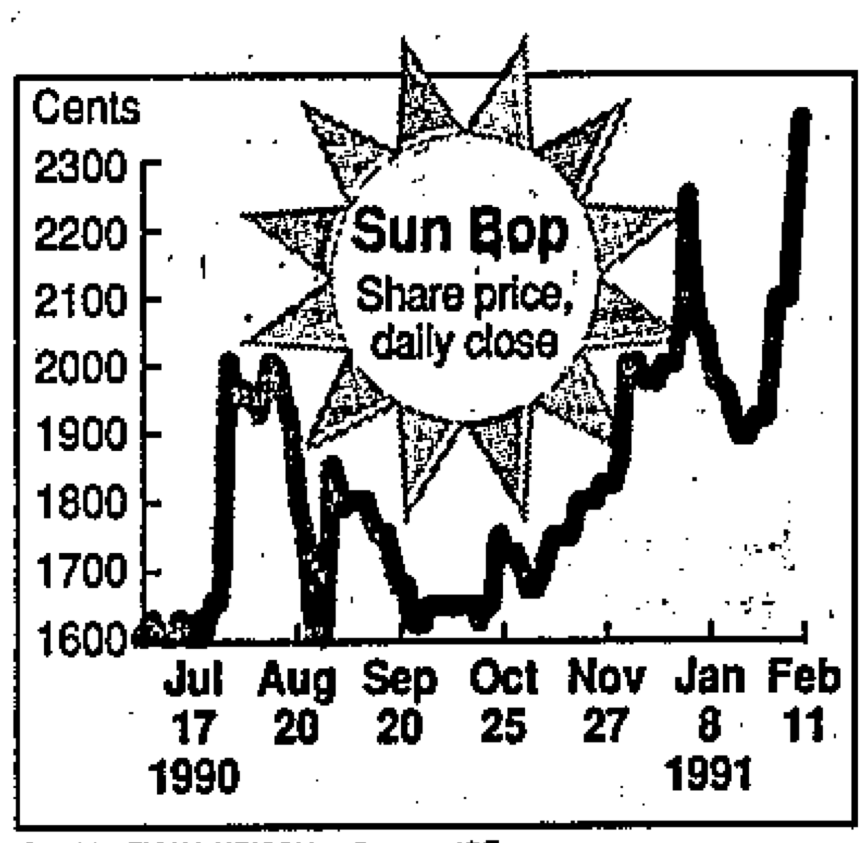
The group reported a substantially reduced interest bill of R427 000 (R2m) and a 15% increase in pre-tax profit to R128,9m (R111,7m).

On a lower tax rate, attributable earnings of R89,2m increased 22% from R73,3m reported in the six months to December 1989.

SunBop deputy chairman Ken Rosevear said yesterday that the results were "most satisfactory". The group had had the benefit of the Tlhabane and Morula operations for the whole year.

A R14m extension to the Morula Sun — its third extension in three years — was completed in June 1990 and the R38m Tlhabane Sun, close to Rustenburg, opened in June 1990.

He said there was some degree of strain on the hotel industry and there had been some cancellations by overseas tourists due to the Gulf war.



Graphic: FIONA KRISCH Source: JSE

While the group was not immune to the recession, results were "most satisfactory".

An average occupancy of 79% for the six months was 3% below last year, "but substantially higher than competing hotels in southern Africa", and results for the next six months should at least match the last six months.

On the balance sheet, shareholders funds increased by 22% to R481,5m, and total net assets increased by 19,8% to R531,6m.

Sunbop is involved in two major expansionary capital expenditure programmes, the R650m Lost City project at Sun City scheduled for opening in December 1992 and the R350m Babelegi Carousel Entertainment Complex due to open in December this year.

Rosevear said that both projects had commenced and R85m of the capex had been spent, which had an effect on the R17m (R17,8m) interest received and a marginal effect on the tax rate, which had gone down from about 34% to 31% due to accelerated capital allowances — R39,7m was paid in tax.

He said this trend should continue over the next six months.

Gearing, which had gone down from 12% to 10% at the interim stage, would also obviously increase, but would stay within the group's self-imposed constraint of about 60%.

The group's cash position was around R220m (R223m at the June 1990 year-end), he said.

Rosevear said both programmes were proceeding well and should meet the planned opening dates.

SunBop's share price rose dramatically yesterday by 11,9% or 250c to close at 2 350c. The share reached a yearly high of 2 800c in February 1990 and a low of 1 400c in April.

SunBop's share halved from 2 800c to 1 400c in the three months to April last year when shareholders were worried over the unrest situation.

However, when the group posted better-than-expected June year-end results with a 38% increase in attributable earnings to R157m, confidence in the share was restored and the share price recovered to 2 000c.

Earnings in the past five years have increased from 35,1c a share to 145,2c a share in 1990 and dividends from 27c to 108c a share.

Beer price rise shocks Fedhasa

MATTHEW CURTIN

FEDHASA was shocked by SA Breweries' announcement at the weekend of a 9,7% average wholesale price increase for beer, Fedhasa executive director Fred Thermann said yesterday.

Thermann said the price hike was "very upsetting in principle".

"We would like to have had a bit more breathing space after the wine and spirit price rises," he added.

Fedhasa members would have to contend with disgruntled customers as they passed on this increase and their other cost rises to the public.

Thermann noted the increase was below the inflation rate, a reflection of the large volume of beer SAB sold nationwide, but he questioned whether any increase at all was justified.

He called on SAB to give greater warning of beer price increases as a time-lag would cushion "the immediate impact on the public". (238)

Fierce competition between retailers was likely to keep the retail price increase as low as possible, although it would vary from area to area. Thermann would not comment on what the likely retail increase would be. He said Fedhasa would welcome more independent beer brewers in SA, to give the public and retailer greater choice.

SAB brewery division spokesman Adrian Botha confirmed yesterday that while the average price increase was 9,7% for the wholesaler, it reflected a greater percentage profit margin for SAB.

Botha pointed out the wholesale price included an unchanged average 21% excise duty.

Crime in city centres takes a knock

GERALD REILLY

PRETORIA — Muggings and incidents of street crime had dropped markedly in the CBDs of Johannesburg, Cape Town and Durban following the creation of special tourist assistance groups, the SA Tourism Board said yesterday.

A board spokesman said the units, which make recommendations on anti-crime measures, were formed after discussions between the board, the travel industry and Law and Order Minister Adriaan Vlok.

Tourism Board director Spencer Thomas recently claimed muggings and street crime had become a more important factor in dissuading foreign tourism than township unrest and violence.

Vlok agreed to set up a strategically situated charge office in Johanneburg.

The spokesman said travel industry representatives had recently reported the number of muggings and related street crimes had fallen off sharply in Johannesburg.

Regional security working groups were to be formed in Johannesburg, Durban and Cape Town to monitor CBD crime on a monthly basis.

Beer price rise a shock, say hoteliers

288

Star. 14 2 91

Staff Reporter

The increase in the wholesale price of beer was a "shock", coming so soon after increases in wine and spirit prices, the Federated Hotel and Liquor Association of SA (Fedhasa) said.

South African Breweries (SAB) announced at the weekend that the increase would be an average of 9,7 percent.

Fedhasa executive director Fred Thermann said the retail industry would have liked to have more breathing space.

Mr Thermann said the increase was below the inflation rate but beer sales were considerably up on last year and it was questionable whether any increase was justified.

Retailers, he said, would have no choice but to pass the cost on.

Sunbop does well despite hard times

188

Star 12/2/91.

Diagonal Street

ANN CROTTY

Figures from Sun International Bophuthatswana (Sunbop) for the six months to December are ahead of most analysts' expectations, but appear to be in line with the recent bullish trading in the share.

Earnings per share were up 22 percent to 82,3c (67,6c) and an interim dividend of 55c (45c) has been declared.

Helped by the extension at the Morula Sun and the opening of the Thlabane Sun, group turnover was up 23 percent to R388,6 million (R316,5 million).

Increased wage rates put a squeeze on operating margins — down from 30,2 percent to 28,9 percent. This meant that the improvement in operating profit was held to 17 percent — up from R95,8 million to R112,3 million.

Although interest received was down by almost R1 million, net interest income was marginally up thanks to a drop in interest payments.

Pre-tax income rose 15 percent to R128,8 million (R111,7 million).

The results benefited from a significant drop in the tax rate — down from 34,4 percent to 30 percent.

This reduction lopped over R4 million off the group's tax bill and boosted the rate of increase at the attributable level to 22 percent — up from R73,2 million to R89,2 million.

Given the difficult economic conditions, the effects of which were aggravated by socio-political unrest, Sunbop's performance in the review period looks remarkably strong.

Sun International MD Ken Rosevear says there was little effect from unrest in the six months to December, adding that day-tripper activity held up very well.

"Our industry tends to be more resilient to the effects of recession."

The group recorded an aver age occupancy rate of 79 percent which, although considerably higher than hotel chains in SA, reflects a three percentage point drop on the previous interim figure. The occupancy figure for the Sun City complex was 82 percent — down from 86 percent.

Because of the very high margin on room occupancy, any changes on this front have a significant impact on the bottom line.

The end-December balance sheet includes cash holdings of R222 million, unchanged from the end-June '90 figure, despite the capex devoted to the Sun City project and Babalegi.

Mr Rosevear says that to date about R85 million of the planned R1 billion has been spent.

The full amount will be spent by December '92, which means that more than the group's cash resources will be required, so funds will have to be borrowed. To some extent the cost of this will be countered by the reducing tax rate.

Growth in earnings for the second half is expected to be in line with that of the first half.

SunBop puts shine into Kersaf results

(288)

MARCIA KLEIN

THE good performance of Kersaf Investments' (Kersaf's) subsidiary Sun International (Bophuthatswana) contributed to its 19% increase in earnings for the six months to December 1990.

An interim dividend of 58c (50c) a share was declared, and the 1,7-times cover was maintained.

Chairman Buddy Hawton said results for the second half should be in line with the first six months "providing there is no worsening of the economic and unrest situation".

Turnover increased by 12% to R904,1m (R804,7m). Hawton said yesterday this figure was affected by the R33,6m included in the 1989 interim results for discontinued or disposed operations in Interleisure.

Payroll

BI Day 14/2/91

He said the increase in turnover might have been closer to about 17% to 18% if this was not taken into account in the previous results.

A 13% increase in operating profit to R249,1m (R220,4m) reflected an increase in operating costs due to the "payroll burden", especially in Sun International Bophuthatswana (SunBop) and Transkei Sun International (Transun).

Interest received increased by 27% to R30,1m (R23,7m). The interest bill dropped 20% to R13,5m (R16,9m), bringing pre-tax profit up by 17% to R265,7m (R227,1m). Gearing was reduced from 22% to 12%.

A moderate decline in the effective rate of tax due mainly to allowances on capex saw profit after tax 19% up at R185,1m (R155,3m), and attributable earnings rose similarly to R75,8m (R63,8m).

Hawton said the demand for accommodation in Sun International's resort hotels declined, and the 71% average occupancy for the period was 3% down on the previous year. However, this was well above the 60% average for the three, four and five-star sector of the local market.

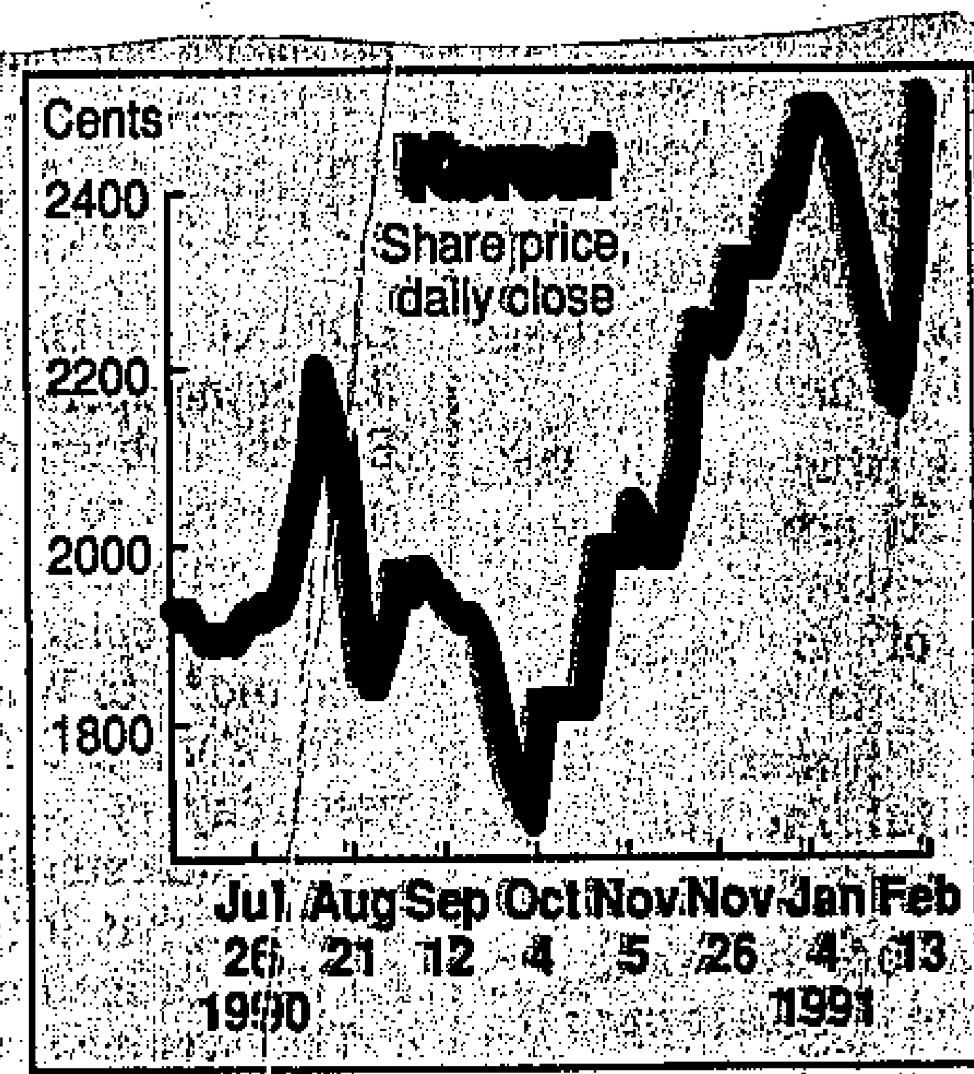
Casino revenues were 23% up on the previous year.

Hawton said the group had warned shareholders of the change in the gaming levies which would affect Transun's results. While the effect was only marginal last year, this year the company felt the full impact of the increased levies in the six months to December, when it posted a 7% increase in attributable earnings to R26,35m.

Kersaf was happy with SunBop, whose 22% increase in attributable earnings to R89,2m was "a very acceptable increase".

Interleisure's 13% rise in attributable earnings to R18,8m was "commendable" and due primarily to the maintenance of cinema attendences.

Hawton said results from offshore company Royale Resorts were negatively affected, firstly by the closure for about three months of the Saint Geran hotel in Mauritius for refurbishment, and secondly by an unfavourable exchange rate.



Graphic: FIONA KRISCH Source: JSE

Earnings increase boosts Kersaf shares

288

MARCIA KLEIN

HOTEL group Kersaf Investments's share price yesterday rose 100c, or 4,1%, to 2 500c ahead of today's announcement that earnings had increased by 19% to 101c (85c) a share in the six months to end-December.

The share reached a high of 2 600c one year ago.

Kersaf's turnover increased 12% to R904,1m. BDay 14/2/91

The group, whose subsidiaries include Sun International, entertainment group Interleisure, Kersaf Liquor and offshore company Royale Resorts, has declared an interim dividend of 58c a share.

While demand for accommodation in Sun International's resort hotels declined, casino revenues rose 23%.

Chairman Buddy Hawton expects results for the second half to be in line with the interim figure, providing the economic and unrest situation does not deteriorate.

● See Page 11

Higher interest receipts, lower tax rate help Kersaf

By Ann Crotty 8/3/91 (288)

Helped by a hike in interest receipts and a slight reduction in the tax rate, Kersaf turned a 12 percent rise in turnover into a 19 percent advance in earnings — up to 101c (85c) a share in the six months to December.

An interim dividend of 58c (50c) a share has been declared.

Turnover was up to R904 million (R804,7 million), operating profit up 13 percent to R249 million (R220 million), net interest receipts rose from R6,7 million to R16,6 million. The tax rate was lower at 30 percent (31,1 percent), leaving taxed profit gaining 19 percent to R185 million (R155 million).

The end-December '90 balance sheet shows borrowings down R77,67 million to R152,5 million (R230,2 million). This contributed to the reduction in gearing — down from 22 percent to 12 percent.

The directors say trading conditions in the remaining months of the financial year are likely to see a continuation of the difficult ones experienced to date. "It is nevertheless expected that growth in earnings will be satisfactory."

FM 15/2/91 (288)

DRAKENSBERG DEVELOPMENT

THE FINAL CURTAIN?

Concern over pollution in the Umzimduzi River, after this year's Duzi canoe marathon, could cause a new wave of pressure to restrict further development in the Natal Drakensberg. FM 15/2/91 (288)

Many, however, feel the strict rules on Berg development, established after the four-star Drakensberg Sun was mooted 10 years ago, are sufficient to prevent unnecessary damage to the region's delicate ecological balance.

Plans for the Sun hotel precipitated an outcry which eventually led to the adoption in 1987 of the *Drakensberg Approaches Policy*, a recreation development policy, by the Natal Provincial Administration. The policy basically restricts any further development in the Berg to three nodes.

The priority is to protect the water catchment function of the Berg and its surroundings. The emphasis is on maximising the potential of facilities rather than allowing permission for more Sun City-like developments.

Of the three development nodes, both Garden Castle in the south and Cathkin further north have seen a lot of building, including hotels, chalets and timeshare resorts.

Now a new development is planned for the most northerly node, Babangibone. Pebblebrook Investments, the company behind the project, believes this could well be the last recreational complex permitted in the area. Moreover, it claims its 304 ha sport, recreational and residential complex is the only sectional title development in the Berg.

Winning official consent for the Pebblebrook scheme has been slow. CE Gavin Everitt says he has worked closely with the provincial administration, and stuck closely to the *Approaches* policy, since Pebblebrook was launched three years ago. Pebblebrook is the name of the Everitt family farm where the development is taking place. Individual family members hold the major share of the private development company.

Two years ago Everitt's Need and Desirability application was passed by the province. However, building designs were changed in the interim — thatched roofs were replaced with modern structures — for insurance and maintenance purposes.

The extensive infrastructure must be completed before permission is granted for the development of a private township. Nevertheless, Everitt is confident work on the first of the 100 dwellings will start by the end of next month.

The cost of the first phase, comprising 27 three-bedroomed houses, to be known as Twinstreams, is put at between R10m-R12m. Estimates of the total development costs stand at R45m.

Everitt says sales have been good, with units going at R425 000-R485 000. He estimates the levy to be about R350 a month,. They will pay for the upkeep of amenities such as a sports complex, trout dams, nature trails, a library, small boardroom and possibly a "working farm" for children.

Though aimed initially at the corporate market, he says he has been surprised at the response from individual buyers. ■

FOX

KERSAF 288

STEADY PACE FM 15/2/91

Judging by the performance of subsidiaries SunBop, TranSun and Interleisure, Kersaf's earnings growth for the six months to December is likely to be steady if unspectacular. The leisure and entertainment conglomerate is expected to report interim figures this week.

Figures released by the three listed Kersaf subsidiaries, which last year contributed about 60% of the group's earnings, indicate the group has stood up fairly well to the recession.

Star performer was SunBop, in which Kersaf holds a 32% stake through Sun International, whose attributable earnings of R89,2m were up by 22%. SunBop, which is involved in major capital projects at Sun City and Babelegi, lifted its interim dividend from 45c to 55c.

Sun International's Transkei operation, TranSun, in which Kersaf holds a 43% stake, fared less well, and grew attributable earnings by only 7% to R26,4m. Its dividend of 13,75c a share was slightly up on the previous 13c. Management blames the recession for much of the lacklustre performance, and expects similar earnings growth in the second six months.

Interleisure, whose interests include the Ster-Kinekor chain of cinemas, Computicket and the Squires Loft, Longhorn and Mike's Kitchen food outlets, grew interim attributable earnings by 13% to R18,8m. The group, which is 37% held by Kersaf, reports that its food and sports outlets suffered from recession but attendances at its cinemas remained high. Interleisure expects to maintain earnings growth in the second half, provided there is no further deterioration in the economy.

Combined interim earnings of SunBop, TranSun and Interleisure climbed just over 17%. A similar increase in Kersaf's earnings would push the group's EPS close to 100c, giving an annualised p:e of 12 at the current R24 price.

However, much depends on the performance of Kersaf's operations outside these listed subsidiaries. These include Sun International's Namibia, Lesotho, Ciskei, Botswana and Swaziland operations, as well as Kersaf's wholly owned liquor distribution and retailing businesses.

It seems unlikely that these will pull Kersaf's earnings growth above the 17% achieved elsewhere in the group.

Simon Cashmore

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Mt Nelson buyer gets stake in Fancourt

S Times 17/2/91

288

By JANE ARBOUS

ORIENT EXPRESS — the upmarket, London leisure group — is looking for more investment and management opportunities in South Africa.

The company, which bought Cape Town's Mount Nelson Hotel in 1988, has taken a minority stake in the luxury golf resort of Fancourt at George.

It also signed a 30-year agreement to manage the complex. It has installed Patrick Elsmie, former resident manager of the golf and leisure resort of Gleneagles in Scotland, as general manager.

Consortium

Nick Seewer, regional managing director of Orient Express and general manager of the Mount Nelson, says the group is extending its worldwide portfolio of hotels, trains and cruises. With agent representation in virtually every country, Orient's marketing network gives added muscle to new ventures.

Orient paid about R30-million for the Mount Nelson and has spent R12-million on refurbishment so far.

The price of Masterbond's 25% stake in Fancourt has not been disclosed, but it is believed that Orient Express paid more than R2-million. The rest was taken up by a UK consortium led by Abraham van Praagh.

The majority shareholder is the original developer, former film executive Andre Pieterse. An option to buy Masterbond's remaining 25% is likely to be exercised by June.

About R50-million has been spent on Fancourt's historic hotel building and Gary Player-designed 27-hole golf course.

Mr Pieterse says another R90-million will be spent on construction of 292 freehold corporate and executive lodges. Prices for the furnished lodges range from R295 000 (one bedroom) to R1,5-million (four bedrooms), and include membership fees. More than 80 have been sold and 68 are under construction.

Cruise

Mr Seewer says there are "excellent opportunities" for new ventures in the region. However, Orient is interested only in ventures compatible with its reputation for style and exclusivity.

"All we want to impose on our interests are high standards of service. There is a particular need for improved standards in SA."

The group is considering bringing out its cruise ship, the Orient Express, for use in the Indian Ocean in the European winter.

The 650-passenger vessel is based in Venice. Preliminary talks have been held with the railways about a management deal involving the Blue Train. Rovos Rail is another possible target.

Mr Seewer says Orient is also interested in a game park lodge.

Operators

"The turning point for SA tourism was President De Klerk's coming to power. Tourism could overtake gold as SA's biggest foreign-currency earner this decade. But we need more foreign investment and operators."

The Department of Trade and Industry says SA received more than a million foreign visitors last year. Half of them came from African countries.

Gavin Simpson, general manager of Holiday Tours and Orient's marketing agent, says about 1 000 South Africans bought Orient holidays last year.

Armed gangs target hotels

288

A NUMBER of hotels and restaurants around the country have been raided in the past few months by armed gangs and thugs, according to an article in the latest issue of *Hotelier and Caterer.*

It says that in one incident a guest walked into a Johannesburg restaurant while a robbery was in progress and was shot in the head. He died four days later.

"For years, tourists loaded with cash, cameras and watches have been easy prey for muggers who take over the streets of the main centres from the early evening. Shocked and bleeding guests are not an infrequent sight for the staff of hotels and restaurants.

"Even if guests escape the muggers, they are quite likely to find that their cars have been broken into or stolen."

Hotelier and Caterer says crime was, unfortunately, a sign of the times. The mugging of tourists in streets was a particularly difficult problem to deal with, but the establishment of tourist protection units in Durban, Johannesburg and Cape Town by the SAP at the beginning of the year was certainly "a step in the right direction as they will have a deterrent effect".

"However, few victims can spare the time to give evidence in court in the event of the muggers being arrested because the wheels of justice grind exceedingly slow," the magazine says. - *Sapa*

US chain may come

Sowetan 21/2/91

By ALI MPHAKI

AN American franchise-operated steakhouse could soon start business in South Africa.

Known as Ponderosa, the franchise has 760 outlets worldwide, 400 of them in America. Countries which have franchises include Taiwan, Malaysia, Canada and the Virgin Isle.

Franchise managing director for international operations Mr Sunil Dewan arrived in the country last week for a feasibility study.

"When we talk about Ponderosa, we are talking basic food. We are not a fancy white linen restaurant' but something in between, with middle income families as our targets," Dewan said in an exclusive interview.

He said one of his objectives is to identify highly-motivated individuals or groups to take over Ponderosa franchisees.

"What we look for is some success experience. We are not interested that it be restaurant experience. We need people who are eager to work, who are detail orientated."

Hotel trade could be a booming industry

8 loay 22/2/91

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HOTEL trade in the far Northern Transvaal can become a boom industry if the region is marketed as a tourist and sports destination.

Pietersburg's hoteliers and the town council say the region is undersold.

Town clerk Attie Vermaak says Satour describes the region as "the best kept secret" in SA and little is being done by government to let the public know about the far north.

Town secretary Tom van der Hoven and some of Pietersburg's hoteliers have taken it on themselves to promote the area both as a tourist destination and as a stop-over en route to the Eastern Transvaal and Zimbabwe.

TOM SHEARER

Marketing

However, some people in the industry feel overdevelopment could threaten its viability.

One hotel manager, who asked not to be named, said new hotel developments in the area could kill trade rather than stimulate it, and what the local industry needed was a greater marketing effort, not more beds.

"No one is running at 100% occupancy. In fact, since late last year occupancy levels have dropped. "For 10 months a year our weekday occupancy rates are at about 80% as we get a lot of travelling salesmen and businessmen staying over," he says.

At least two new hotel developments are on the cards, one of them, located close to the airport and the sports stadiums, is about to be built on land sold to the developers at a favourable rate by the town council.

The second, devised by Ranch Hotel owner/manager Tom Shearer, is still on the drawing boards.

The anonymous hotelier says: "Any rooms added to the market could lead to a price war, which will be detrimental to everyone and cause an overkill situation. We need to build the market before we swamp the area with beds."

Since Satour's decision to market SA, as opposed to marketing specific regions, promoting tourism to the northern Transvaal has been left to entrepreneurs. A number of individuals have taken their own initiative in this area.

Shearer has gone to Zimbabwe twice to promote the region.

On his most recent visit he took part in the Zimbabwe Travel and Trade Exposition earlier this month in Harare.

"The region is underrated for its value for money. When it comes to quality, our hotels can hold their own against any others in SA," he says.

Dried up

Before the '70s, about 60% of the region's hotel trade came from Zimbabwe — then Rhodesia. Trade dried up with the onset of the Rhodesian bush war, but that country's post independence travel and foreign exchange restrictions have kept trade between SA and Zimbabwe at a trickle.

Shearer says hoteliers need to look at other markets for survival.

"We have built up a reputation for excellent conference facilities in that there are few distractions — it's quiet and the climate is temperate.

"Unfortunately, this type of trade keeps a hotel full during the week, but occupancies drop on weekends.

"We need to do something to attract what few people there are left in SA with disposable incomes," he says.

Campaign to promote free enterprise

8 loay 22/2/91

PIETERSBURG'S Chamber of Commerce is to launch a major "free enterprise" educational campaign with money raised from its business community.

Chamber member and Moolman Group MD Jannie Moolman says the chamber wants to establish a business trust with two objectives in mind.

"Firstly, we want to get business people to act collectively and work in the field of 'social' responsibility. For example, we want to use some of the money raised for educational purposes," he says.

"Our second objective is to promote the principles of free enterprise."

He says the chamber aims to collect at least a R100 000 from the town's commercial sector as start-up capital for the project.

Educate

The ultimate objective is to educate the population in the region on the benefits of free enterprise.

"We are looking particularly at black middle-management. At least 97% of our local population is black and we need to identify the entrepreneurs in that community and bring them into an educated business world."

He says the trust will also identify scholars and students suitable for business and commercial training and will help finance their education.

The trust is a Chamber of Commerce venture, but negotiations are being held with the Sakekamer to bring them into the project, Moolman says.

Neither central nor local government has been approached for support as their involvement could damage the credibility of the venture.

For similar reasons, the Small Business Development Corporation is also not being approached as its involvement could lead to the trust being perceived as a government front.

Launch

Moolman says the official launch will probably take place in May or June, but all the marketing literature has already been written and is being readied for distribution.

TIMESHARE (288) FM 22/2/91

WHERE THE LION FEEDS

The magic of timeshare has turned sour in the northern Transvaal with the application for the provisional liquidation of the developers of the high profile Mabula Game Reserve.

Timeshare developers and officials in the industry are expressing confidence that the troubled companies in the group will be rescued and that those who have bought time at the reserve will not lose their rights.

However, the owners themselves are less sure of the security of their investments in "holidays for life" — especially after the spectacular crashes involving other timeshare vending companies Summer Leisure and Timeshare Dynamics.

The timeshare developer's problems surfaced last week after an application for the provisional liquidation of Mabula Investments Pty (Ltd), Mabula Development Pty (Ltd) and Mabula Marketing Pty (Ltd) was lodged in the Rand Supreme Court.

At issue was an alleged unpaid debt of R600 000 to a building contractor. While the combined assets of the three companies are reported to be in the region of R12m, joint liquidators Kaap-Vaal and Aiken & Peat are "still working on the figures" which would include a proper assessment of liabilities.

Dennis Nielsen, who has owned week 38 (September) at Mabula for four years and who also has a unit at a nearby timeshare resort, says the Mabula insolvency application comes as no great shock.

He complains that there is no comparison between the way Mabula and the other resort is run. This is reflected in the fact that the levies of the other resort are a fraction of those of Mabula. "I've not been happy with the management of Mabula. The concept is great but the facilities are not well run and managed. My concern is that things like cross guarantees and other issues which we don't know about, could bring the whole place down like a house of cards," he says.

Another Mabula timeshare owner, who paid R20 000 for an October week in a unit due for completion next month, says he has been assured that his investment is safe, but he is still awaiting written confirmation.

Willie Joubert, a director of the Mabula development companies, says the investments in the three timeshare companies at the reserve, Mabula Modjadji Camp (about 75% sold), Mabula Bush Lodge (more than 97% sold) and Mabula Game Lodge (about 75% sold) are "wholly unaffected by the liquidation application. It has always been our policy not to involve the timeshare companies in the cost of development in any way."

This message is reiterated by Timeshare Industry of SA (Tisa) president Bruce Ravenhill. He stresses that owners of time at the resort, which is affiliated to both Tisa and the international timeshare swap organisation Resort Condominiums International (RCI), are in any case protected in terms of both the Shareblock Control Act and the Timeshare Act. "In addition all sorts of moves are afoot to rescue the companies before the court return date of February 26.

"There are three shareblock companies involved and eight or nine different parcels of land, all with ownerships and registered servitudes allowing traversing rights. These rights have precedent over any other rights which may occur as a result of the sale or disposal of that land.

"Furthermore, I understand that the shareblock companies which control the timeshare side of the business are reasonably intact and secure. So there's no way existing timeshare owners can lose their time, even if the companies now in provisional liquidation do eventually go bust."

Ben de Wet, of joint liquidator Kaap-Vaal, says a joint statement on the issue will be made in due course. "We're looking at figures," he says. He confirmed that there is interest in the companies, but would add nothing further.

In addition to possible outside buyers, it is understood that one solution could be for existing timeshare owners to take over the remainder of the company. That could involve an investment of about R3 000 each. Another is that certain whole owners (those who bought a year's time and have built their own properties on the stand) may be interested in buying the assets. ■

PICKARD GROUP

FM 22/2/91

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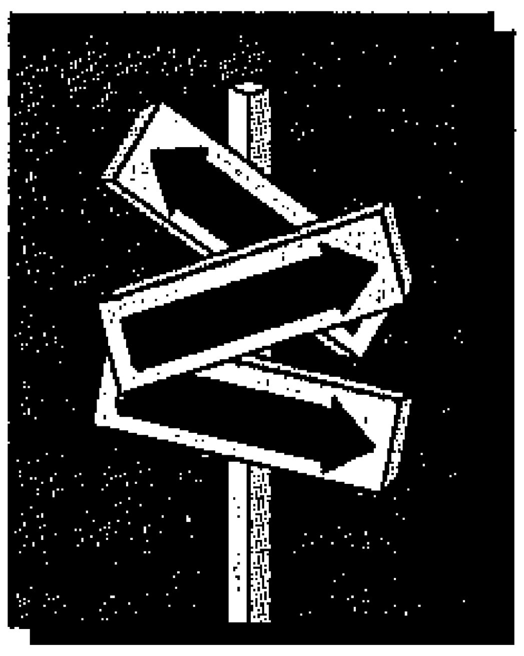
COMING OUT OF THE SCRUM

A CHANCE FOR A FRESH START, BUT THE LONG-TERM PLAN IS UNCLEAR



Jan "Bull" Pickard has long believed that the best way of building up his wealth was to use other people's money — or borrowings. For many years that approach worked but eventually high interest rates, in alliance with questionable financial and operational management in a recession, produced a crisis.

By the late Eighties the group was groaning under an untenable debt burden and the trading operations were making losses. The lack of liquidity raised doubts about whether Pickard's business empire could survive. There was more ignominy when Cape Investment Bank (CIB) ran into trouble, kiboshing plans cherished by Pickard and his son, Jan Pickard Jnr, CIB's chairman, for expansion into the financial services sector.

A turning point came when creditor banks drew the line. Management has been forced to tackle the problems, largely by selling assets to release liquidity.

Today the group is smaller and leaner. Instead of the sprawling group controlling six listed companies a decade ago, it now comprises three listings, of which the only operating company is the white and brown goods company, Picapli.

But the debt burden has only been eased. It has yet to be cut to comfortable levels. Pickard has much to do if the market is to be convinced that profitability and risk management is back on a sound footing.

It may well be premature to write off this large and energetic man, who has demonstrated his resourcefulness often, but Pickard, 63, no longer in good health, faces a real dilemma: whether to hold on to his business interests and ensure they are effectively managed, or to sell them for a reasonable price.

He may also be pondering whether a business dynasty is worth the risk.

Pickard has not been loath to mix sentiment and business. Nor is he the sort of self-made man who maintains a single-minded attitude to business.

While pursuing his business career, he has immersed himself in rugby (he once reportedly said: "What's the difference between rugby and the ballet? They are both culture"), his family and politics. He spent five years on the President's Council, of which he was a founder member.

A former Springbok rugby captain in New Zealand, and for years the Western Province captain, Pickard has been president of the Western Province Rugby Union since 1986. He also heads the SA Rugby Board's finance committee. Soon after becoming union president in 1985 he launched ambitious but successful plans to modernise Newlands rugby ground by selling company boxes at R50 000 apiece.

Though he is well connected (he married Ingrid, daughter of former Finance Minister and State President-elect Eben Donges), Pickard made it on his own. He has been in business for 40 years. Aside from wealth salted away over the years, the market value of his stake in the pyramid company, Picbel, exceeds R10m.

Wine and the liquor trade, where he pioneered self-service outlets, was where he laid the foundations for expansion. His career started in 1950 when he joined Rene Santhagens (now Gilbey's) with a Stellenbosch University BSc (viticulture.) In 1964 he bought the listed wholesale and retail liquor concern, P J Joubert, which led to the formation of Oude Meester with Rembrandt.

But the liquor trade was not enough to satisfy this restless man. A long list of investments followed: printing through Trio-Rand (now SA Litho); fruit canning through Brink Broers and H Jones & Co (sold to Langeberg in 1980); car sales through Grosvenor Motors; meat wholesaling through Asokor and Karoo (sold to Kanhym); wine farming (Bellingham, Culemborg); liquor retailing and hotels (Uniewyn and Picotel); central city property, clothing and luggage manufacture (Picprop); sports goods retailing (Logans); appliance manufacture and wholesaling (Picapli), air transport (Comair) and recently, banking (CIB).

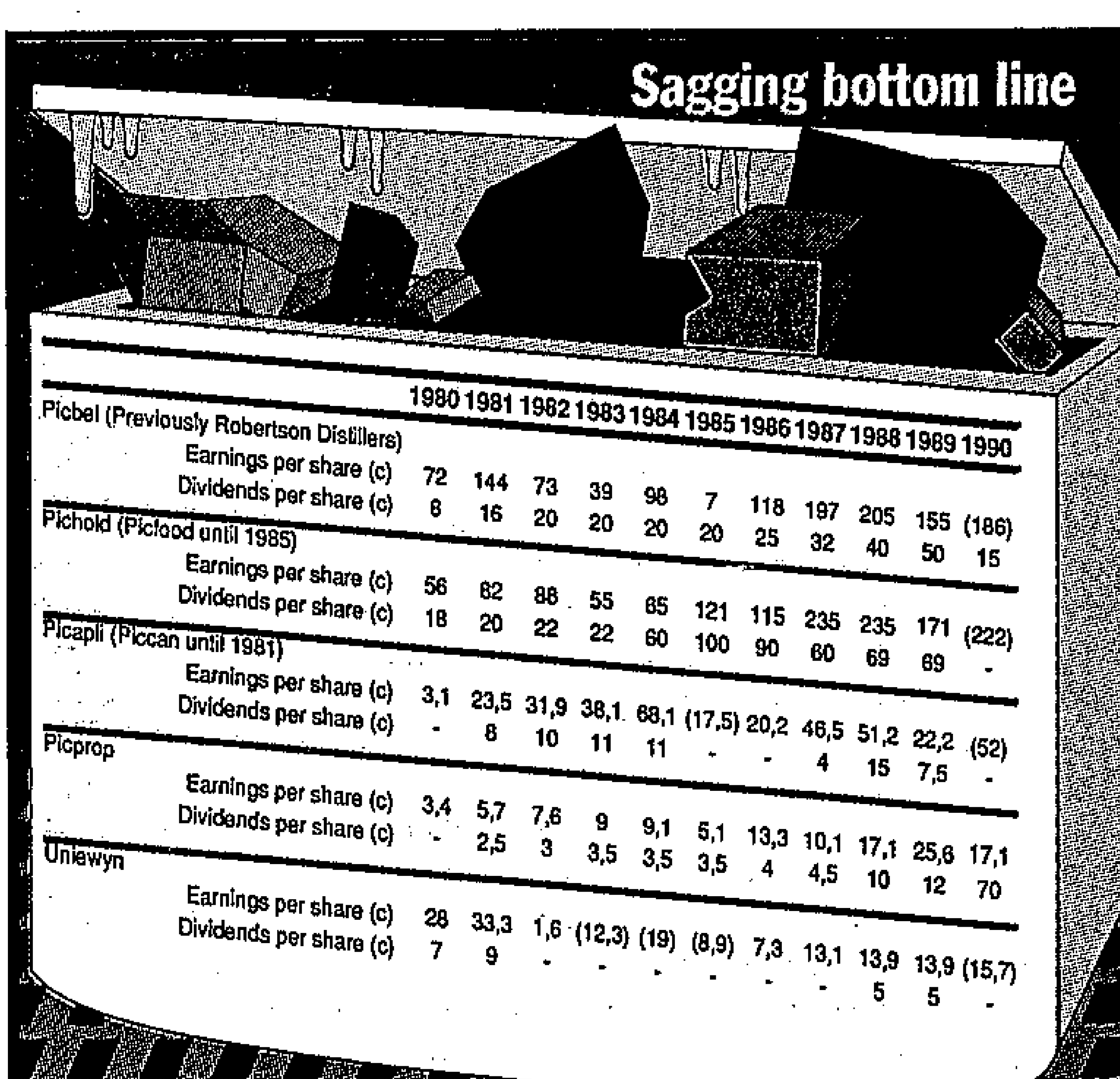
Unhappily, profit performance has not kept pace with this mercurial investment activity. The only real measure of the overall performance is in the earnings record of Picbel **(see table)**. In 1985 EPS tumbled to only 7c. Last year, when prime averaged about 21%, the group plunged into the red.

Pickard claims to have started the Enterprise brand of meats. His first foray into the meat market was gained by buying control of Karoo Meat. This meant obtaining proxies from thousands of shareholders, many of whom were farmers, from all over the country in opposition to the powerful Vleissentraal. Pickard won by just 200 votes. After that he bought Asokor.

He has done some good deals, such as the one with Gencor, when he sold Picfoods to Kanhym. Picfoods then comprised the meat marketing activities of Asokor, whose subsidiaries included Karoo Vleisbeurs, Franke and Co, Victory Wholesale meat suppliers and Slabbert Verster & Malherbe. When Gencor disclosed its interest in the meat group, Pickard says he called for a put option at a fixed price that would rise each year with the prime rate. He exercised the option two years later, when the option price was twice that of the shares. He has yet to stop patting himself on the back for that.

Another success was the acquisition of the Bellingham wine farm. In 1970, Pickard says, he took an option on the farm for R700 000. He exercised the option at that price in 1980 and paid for it in 1981. Since then the farm has been part of Uniewyn. Uniewyn symbolised Pickard's roots as a winemaker and its interests — which included the hotel and liquor store arm, Picotel — doubtless gave Pickard a certain cachet in the circles he moves in. But it was primarily sentiment that caused him to hold on to Uniewyn, whose earnings record was never satisfactory.

Though Uniewyn was not overgeared, by last year its sale could no longer be avert-



Sagging bottom line

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Picbel (Previously Robertson Distillers)											
Earnings per share (c)	72	144	73	39	98	7	118	197	205	155	(186)
Dividends per share (c)	8	16	20	20	20	20	25	32	40	50	15
Pichold (Picfood until 1985)											
Earnings per share (c)	56	62	88	55	65	121	115	235	235	171	(222)
Dividends per share (c)	18	20	22	22	60	100	90	60	69	69	-
Picapli (Piccan until 1981)											
Earnings per share (c)	3,1	23,5	31,9	38,1	68,1	(17,5)	20,2	46,5	51,2	22,2	(52)
Dividends per share (c)	-	8	10	11	11	-	-	4	15	7,5	-
Picprop											
Earnings per share (c)	3,4	5,7	7,6	9	9,1	5,1	13,3	10,1	17,1	25,6	17,1
Dividends per share (c)	-	2,5	3	3,5	3,5	3,5	4	4,5	10	12	70
Uniewyn											
Earnings per share (c)	28	33,3	1,6	(12,3)	(19)	(8,9)	7,3	13,1	13,9	13,9	(15,7)
Dividends per share (c)	7	9	-	-	-	-	-	-	5	5	-

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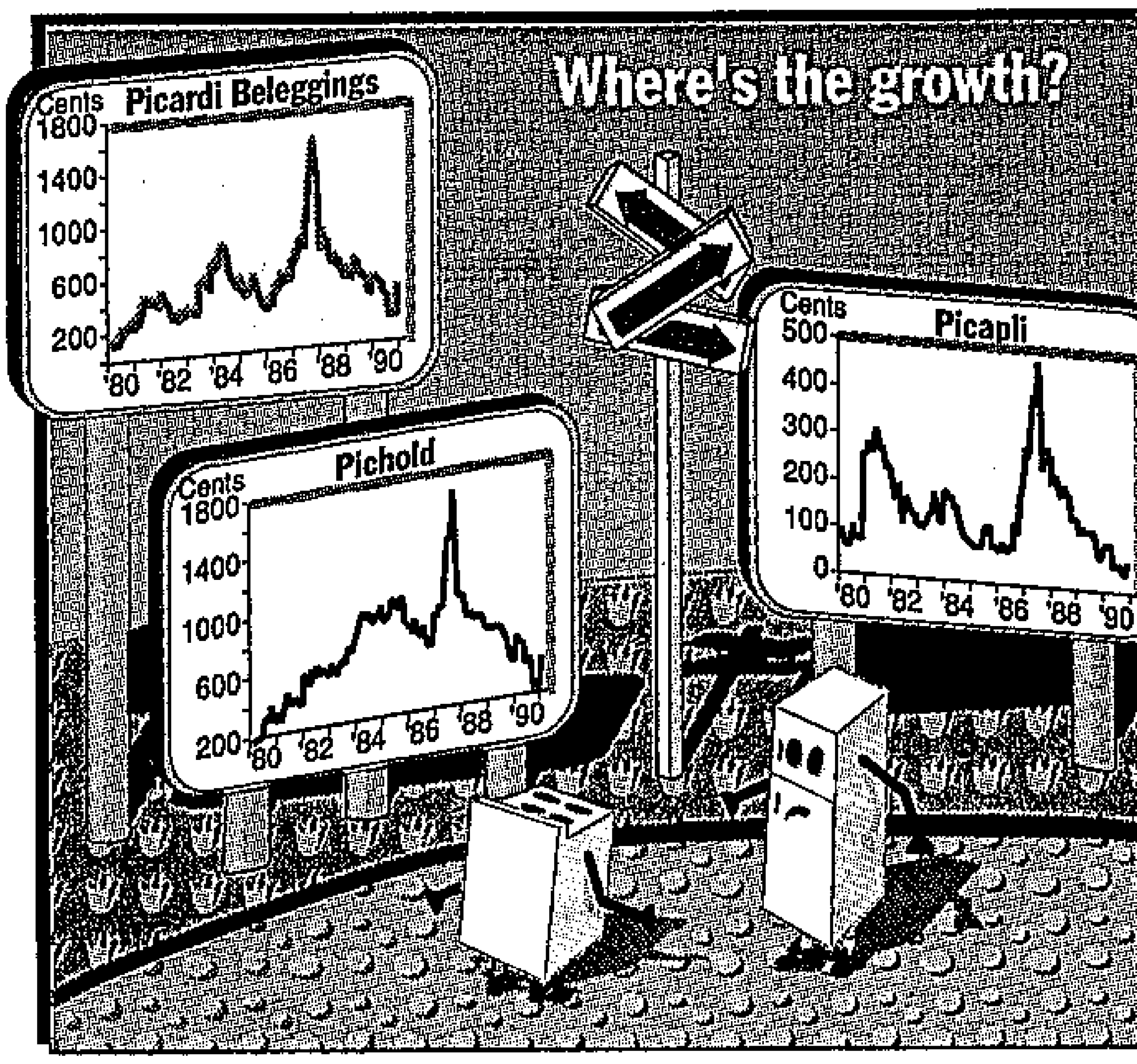

ed, simply because the overall group gearing had to be improved and the quality of its assets enhanced. The bargain-basement price realised emphasises the urgency of the sale. Its price was R21,5m, almost R1 a share, whereas tangible net asset value at June 30 last year was 305c. About 100c of the NAV figure arose from a revaluation of fixed assets in 1988.

At the date of the deal, off balance sheet debt was apparently about R6m, while the balance sheet showed total interest-bearing debt of R38,5m, a hefty lump of total group debt. The sale resulted in a cash injection of R19,6m.

Another step to create liquidity came with last year's disposal of Picprop's interests. Since the sale of the Parkade building in Cape Town for R17,6m in 1988, R16m remained invested in preference shares. Income from the prefs was important, as the profit record of the manufacturing divisions was erratic, and justified disposal of the business. These divisions were eventually sold and last July a special dividend of 70c was paid. On January 3 1991 a further 213c dividend was paid to outside shareholders. Picprop was thus reduced to a cash shell, holding R11m cash.

Pickard and his son had big plans for Picprop. With its liquidity, it was to have acquired CIB. However, of the funds received by Pichold from the 70c Picprop dividend, R4m was moved down to another problem area, Picapli, as was R8m of the funds realised from the Uniewyn sale.

Problems had been mounting in Picapli since 1987. Its liquidity crunch became untenable when net interest-bearing debt ballooned to R162,8m in 1989, giving a debt: equity ratio of 3,5. This can be blamed on, among other things, bad timing, bad luck and the strict fiscal disciplines imposed by the authorities.

Management had earlier realised Picapli needed to raise equity capital. A rights issue was planned in 1987 but cancelled after the JSE Crash. Then Picapli was buffeted by the introduction of punitively high import duties, which rose from 25% to 60%, as well as tougher HP terms.

Most of the audio equipment Picapli sold was imported, so stocks had to be ordered six to nine months ahead. When the rights issue was cancelled the group had already placed irrevocable stock orders which were to have been paid for partly from the rights funds. When the company should have been destocking, inventories were higher than ever. The 1990 result was pre-interest profit of R14,4m, net interest payments of R27,5m and a loss of R13,1m.

The *FM* is told that this result, and the debt, led the banks to deliver an ultimatum to Pickard in mid-1990: get the gearing right or we pull the rug!

Late last year the sortie into the banking sector — under Jan Pickard Jnr — blew up, when the clearing banks refused to sanction the paper CIB was processing. That meant CIB could not function in the market.

The young Pickard sought a white knight to save the bank. Only the small Prima Bank emerged as a realistic suitor and a R38m price was placed on CIB, its net asset value at June 30, less any write-offs that may occur.

The final price will be the auditors' valuation of net asset value as at December 18, due to be complete in about two weeks.

Pichold paid R16m for its 40% stake in CIB. At the CIB general meeting some weeks ago, Pickard Jnr confirmed the ultimate cost would not exceed this figure in the unlikely event that write-offs exceed the capital base.

He is bitterly disappointed at the failure of CIB — its disposal means that his six years of planning have come to nothing.

He is the first to admit the blame for the bank's problems ultimately rests with him, and says he has learnt a valuable lesson: correct and comprehensive management information must be available when needed. He contends there was material non-disclosure to the directors regarding significant exposures in money and capital market activities and loan approvals.

He ascribes this partly to inexperience, inadequate senior management and over-optimistic expectations.

The Pickard group is left with one operating company, Picapli, 93%-held by Pichold which, in turn, is 69%-held by Picbel. Picapli's results for the six months to end-December show a welcome return to profitability, thanks largely to drastic disposals of audio stocks at firesale prices. There is a smaller, more exclusive range of audio products which allows top management to focus on marketing white goods.

Based on the half year's profit, Pickard Jnr's forecast of unchanged after-tax profit of R10m for 1991 looks attainable.

Excluding the R12m cash allocated to Picapli, the group has available about R26m cash, which may rise depending on the amount realised from the CIB sale. Picapli is a leaner operation than for a long time, but interest-bearing debt of R85m at end-December was still more than double the equity of R40m. Once Picapli's return to profitability is proven, the plan is to hold a rights issue to reduce gearing to about 75%. Meanwhile, Pickard Jnr will watch for the opportunity to invest in a cash generator such as CBI was intended to be.

Until now, Pickard Jnr has had to walk in the long shadow of his father. While he may be a more reserved personality, this setback could motivate him further. Until a new investment is found for Pichold, he will turn his attention to Picapli. Pichold is to remain a holding company.

If Picapli is to earn R10m after-tax this translates into fully diluted EPS of 38c. At 100c, this gives a p:e of 2,6, assuming the earnings are sustainable. However, management still has to improve liquidity and this could mean only a token dividend payment, with the prospect of a rights issue later. In a more buoyant market, Picapli, or even Pichold, could be a good spec now.

Pickard Snr may have the chance now for a new start. Still to be seen is how he will complete the rescue operation and set the remaining operations back on a growth path, and how, if at all, he will plan for the long-term future of what remains essentially a family business.

At December 31 the stated NAV of Picapli was 155c, so the share price, at 100c, is at a discount of more than a third. But earnings as well as assets will determine a takeover price — if there is one.

Gerald Hirshon

Pickard Snr ... *he did it his way*

Cape's own 'Alcatraz' becoming a tourist must

288

B Day 26/2/91

PATRICK BULGER

ROBBEN Island — in its time a leper colony, a naval base, a security prison and, more recently, venue for a meeting of the SA Cabinet — received 33 000 visitors last year.

With Table Mountain and Cape Point, the island is now a must on the tourist's Cape itinerary, says Alta van Wyk in the March issue of RSA Policy Review.

Robben Island has aroused worldwide interest as a result of its sinister and enigmatic image as the Alcatraz of SA, Van Wyk says.

But it has its brighter aspects too.

She says a decision taken a decade ago to close the two prisons on the island was reversed in 1986 when it was found that replacing them would cost R80m.

A subsequent decision was taken to make the island more accessible to the public, she says, although government is holding out against fullscale commercial exploitation of what is, in effect, a unique 574 ha piece of the Karoo stranded in Table Bay.

Just one of Robben Island's fascinating historical features is the Herbert Baker-designed Church of the Good Shepherd. Not only is it a men's only church, it also has no pews — because the lepers would not have been able to sit on them.

A comprehensive conservation programme is being launched by the Department of Correctional Services — the old Prisons Department — and interest groups.

Nearly 4 000 jackass penguins have chosen the island as their home, making it the world's sixth largest penguin colony. It also boasts the biggest seagull breeding colony in the southern hemisphere.

SunCiskei seeks JSE listing

BDay 27/2/91.

MARCIA KLEIN

SUN International Ciskei (SunCiskei) is seeking a listing of its shares on the JSE. This will be achieved by way of an offer of shares to Ciskei residents.

SunCiskei's operations include the coastal resorts of the Fish River Sun and Mpekweni Sun located between Port Elizabeth and East London, the Amatola Sun in Bisho and the Mdantsane Hotel.

(288)

The listing, which was mooted in financial 1989, was postponed because of unsettled trading conditions in the Ciskei and a fire at the Mdantsane Hotel in March 1990. The hotel was reopened in October 1990.

An announcement by directors yesterday said the Ciskei Peoples Development Bank would offer about 5-million of the shares it holds in SunCiskei to citizens and permanent residents of Ciskei.

The listing would commence in April, subject to approval by the JSE and completion of the offer. A prospectus would be issued in mid-March.

Directors said the purpose of the listing was "to afford citizens and permanent residents of Ciskei the opportunity to participate directly in the equity of the company". No additional funds would be raised through the listing.

A SunCiskei spokesman said yesterday that SunCiskei's turnover was about R82m in financial 1990.

He said the listing would result in Sun International retaining its one-third interest in the company, the Ciskei People's Development Bank (which holds 40% of SunCiskei) holding a third, and the remaining third being in the hands of the Ciskei people and other shareholders.

TIMESHARE FM 8/3/91

TAKING STOCK (288)

It is far from certain — despite assurances to the contrary — that the investments of unit holders in the Mabula Lodge timeshare resort are immune from the provisional liqui-

Continue →

 FM 8/3/91 (288)

dation of several of the group's companies.

Mabula Investments Pty (Ltd), Mabula Development Pty (Ltd) and Mabula Holdings Pty (Ltd) were placed in provisional liquidation on February 6. What sparked the companies' cash flow problems was an alleged unpaid debt of R600 000 to a building contractor.

In a bid to reassure Mabula unit owners that their investments were secure, development company director Willie Joubert claimed that the investments in the three Mabula timeshare share block companies, Mabula Modjadji Camp (about 75% sold), Mabula Bush Lodge (more than 97% sold) and Mabula Game Lodge (about 75% sold), were "wholly unaffected" by the provisional liquidation of the former companies. He said it was not policy to involve timeshare companies in development costs.

However, property lawyer Johan Roodt remains unconvinced. He says ownership of timeshare units could, at the very least, become a short-term liability if it means, as it may, footing the financially stricken developer's share of the levies owed on unsold units. Levies have just been increased in one of the resort's three timeshare companies but it is unclear whether this relates to the demise of the development company.

Roodt warns there could be other financial shocks in store for owners if the foundering companies aren't rescued. He urges extreme caution in two areas where share block owners have specific rights. They are: the rights of buyers to details of the share block company's liabilities when units are sold; a prohibition on the company incurring further debt without the consent of all shareholders; and, the purchaser's right to board representation and thereby participation in the scheme's management.

The biggest financial risk areas for timeshare share block companies, he explains, relate to the capital cost to the company building the accommodation and the scheme's ongoing running and maintenance costs.

"There is a danger, in cases like Mabula, where developers sell timeshare in partly completed schemes on the understanding that they have the right to increase the liabilities of the company in order to finance additional units. If further development costs are incurred, particularly on a loan account secured by a mortgage bond, timeshare owners may have to bail out a cash-strapped developer." Mabula's Hennie Joubert, however, says there are no mortgage bonds over Mabula timeshare developments.

But Roodt insists that even when a developer finances new units himself, the timeshare company still incurs additional obligations to the timesharers. "Joubert's assurance that the timeshare companies weren't involved in any new development costs misses the point. The total amounts owing by the share block companies would have still increased, if not through loans, then in enrichment claims which would lie against timeshare companies for improvements erected on their properties by the developer in the event of him not being able to meet his obligations."

Furthermore, he says, though sales documentation disclosed an intention to incur costs on balance sheet, the developer undertook the development "off balance sheet" in respect of the share block companies. This may have been a contravention of the Share Block Control Act if approval was not obtained from the share block companies' shareholders.

"It would be interesting to see how the improvements are reflected in the company's financial statements, where the builder has not been paid for the improvements. A builder's lien (the right to hold property until a debt is paid) probably also exists."

Roodt adds that timeshare developers, particularly those with ongoing development plans, normally reserve the management of the scheme for themselves. "Timeshare buyers have a right to share block management board representation. However, it is usual for week owners, as part of a vast number of minority shareholders, to have neither the expertise nor the inclination to be involved. This leaves the administration to the manager, who usually has a common identity with the developer."

Roodt warns the problems of the Mabula development companies exposes several pitfalls which would-be timeshare buyers should avoid. They should give preference to resorts where the scheme is completely developed; where the developer can prove his ability to bear the burden of both the levies and loan obligations of the unsold timeshare units; where the share block company has a board of directors comprising appropriately qualified, independent people; and where the resort has an independent management. ■

FM 8/3/91 (288)

SAFREN FM 8/3/91 (288)

FUNDING PLANS

The funding of Sun International's R1bn expansion programme in Bophuthatswana is expected to start making itself felt on Safren's balance sheet towards the end of this year.

Buddy Hawton, CE at Safren and executive chairman of Sun International's parent, Kersaf, says the method of raising the funds is to be decided in the next few weeks. Options include using SunBop's cash reserves of more than R200m, with borrowings to bolster cash flow, or raising additional capital primarily from SunBop's two major shareholders, Kersaf and the Bophuthatswana National Development Corp.

Hawton declines to comment on how this capital might be raised — though an issue of prefs, a rights issue or a script dividend by SunBop are all possibilities. Kersaf had originally intended to fund the expansion out of cash flow. It appears to have had second thoughts about its ability to sustain such a drain on its resources.

Safren holds a 76% stake in Kersaf, which in turn owns 32% of SunBop through unlisted Sun International. Whatever mechanism is used to finance the expansion of the resorts at Sun City and Babelegi, it is almost inevitable Safren's gearing will climb. Hawton is reluctant to comment on the likely level, but says it won't exceed 40%-45%.

Though Safren's long-term borrowings edged up 12% in the six months to December to R820,3m, its debt:equity ratio was only 16,7% at the end of December, says Hawton. Gearing at Kersaf and SunBop was 12% and 10% respectively at the midpoint.

Safren's cash reserves of R711m at the end of financial 1990 have been reduced to R522m in the last six months, largely as a result of a R280m capital expansion programme at Safmarine. Net current assets slipped from R185,3m to R62,7m, though this was more than made up by the increase in fixed assets.

Kersaf's importance to Safren has steadily grown and last year it contributed 41% of group earnings. The entertainment group's earnings contribution climbed 18,6% in the first half to R57,5m, but difficult conditions experienced by Safmarine and Rennies pulled Safren's earnings growth down to 11,3%. The improvement would have been less — operating profit was only up 7,9% — had it not been for reductions in interest and tax.

Safmarine, the biggest profit contributor to Safren last year, traditionally performs better in the second half. Hawton says the performance of both Safmarine and Rennies was hampered by a 14,3% drop in shipping volumes, increased fuel costs and the appreciation of the rand against the US dollar — the group's net earnings are priced in dollars. Most of these factors have improved, but the low level of shipping remains a concern.

Hawton forecasts earnings growth in the second half should exceed 5%, which would push EPS for the year to June beyond 522c. At 5 375c, this would indicate a forward p:e of 10,3. Though Safren's gearing is low, investors are likely to be more comfortable with the share once more details emerge about how the group will be affected by the funding of the Bophuthatswana projects.

Simon Cashmore

CHOPPY SEAS

Six months to	Dec 31 '89	Jun 30 '90	Dec 31 '90
Turnover (Rbn)	2,1	2,0	2,1
Pre-tax profit (Rm)	353	387	387
Attributable (Rm) ..	108	151	120
Earnings (c)	203	284	225
Dividends (c)	55	155	60

SUNCISKEI (288) (198)

LISTING PLANS FM 8/3/91

Sun International has been looking to list its Ciskei operations for at least two years but has previously postponed such moves because it thought the timing was inappropriate.

Management must now be wondering whether it stalled for too long. No sooner had the group announced that the listing was to go ahead than the government of Ciskei completed the first major step towards re-incorporating the State back into SA.

Sun International, with local partner the Ciskei People's Development Bank, still intends proceeding with the listing of SunCiskei in April. However, the mooted reincorporation of Ciskei raises questions about the vulnerability of the group, especially separately listed subsidiaries SunBop and TranSun, to changes in legislation affecting its gaming licences and tax. It is questionable whether Sun International's operations in Bophuthatswana, Transkei, Ciskei and Venda would enjoy the same gaming rights and low rates of tax were those States to be absorbed back into SA.

Buddy Hawton, executive chairman at Sun International's Kersaf parent, acknowledges the effects of the possible re-incorporation of the TBVC States are unclear.

"We take the view that in the event of re-incorporation, it would be unlikely that a central authority would grant gaming licences willy-nilly," he says. "We have put a great deal back into these communities in terms of employment, foreign exchange and taxation and the governments of these States are our shareholding partners in the local operations."

He says there are a lot of imponderables but the group is, nonetheless, substantially expanding its resorts in these States. Some analysts point out that one of the reasons for this sudden spurt of high capital expenditure could be to increase its influence in these States ahead of any review of gaming licences.

The listing of SunCiskei, which includes the Amatola Sun, Fish River Sun and Mpekweni Sun and is estimated to have turned over R80m last year, is intended to enable Ciskei residents and citizens to take a stake in the operation. No additional funds will be raised.

The Ciskei People's Development Bank holds a 50% stake (together with Sun International) in a holding company which owns about 67% of SunCiskei. It also holds a further 7% directly in SunCiskei. It is this parcel of 5m shares that the bank intends to release.

continue.

FOX FM 8/3/91 (288) (198)

Issue price of these shares has yet to be determined. Further information, including details of SunCiskei's track record, will only be forthcoming once the prospectus is published on March 15. Kersaf financial director Alan van Biljon says similar schemes, though not including listings on the JSE, are being considered for the group's Swaziland and Botswana operations. *Simon Cashmore*

Next phase of Cape docks project launched

B Day 11/3/91

LESLEY LAMBERT

CAPE TOWN — Work has started on the second phase of the R2,3bn Victoria & Alfred Waterfront development which is turning Cape Town's docklands into a thriving leisure and entertainment area.

About R130m will be invested in 16 new restaurants, 140 specialty shops, 12 cinemas, a fish and fresh produce market and a wine centre, bringing the managing V & AW Company's total financial commitment to almost R200m.

The success of the first phase — core restaurants, a hotel and a retail complex — has exceeded expectations. In the eight weeks after the project opened in mid-December, it attracted 1,2-million visitors.

The stream of visitors has remained constant, averaging 20 000 a day. Restaurants and pubs are fully booked day after day and many specialty store owners say turnover in their harbour outlets is higher than in the CBD and other areas.

The new specialty complex will be completed by October next year. It will run from Kings Warehouse, alongside Ferryman's Tavern, over a basement parking garage which is being excavated at present, to Quay 5 on the waterfront.

Efforts to raise R40m for an aquarium are succeeding, according to V & AW PR Maureen Thomson, and the project is likely to be put out to tender before the end of this year with construction expected to begin in October or November.

A townhouse complex in the upper tank farm opposite the old quarry is also on the drawing boards and construction of about 1 000 units should begin early next year.

Thompson says the V & AW Company envisages a 10-year project with direct investment of up to R2,3bn.

The first phase of the conversion project involved the servicing and redevelopment of the Pierhead's historic core.

Work on the first phase began in January 1990 when the waterfront was converted into a massive construction site as new services were installed to enable existing buildings to be used again.

Wiese's Lanzerac may be a wine farm again

~~[illegible]~~ with Qte (288) BDay 15/3/91

CHARLOTTE MATHEWS

PEPKOR CE Christo Wiese confirmed yesterday he had bought the historical Cape wine farm, Lanzerac Estate, from Alpha Bank for a sum he was unwilling to disclose. Lanzerac Estate, which is 300 years old, was declared a national monument in 1975. It was a wine farm and manor house but a hotel has since been developed around the original homestead.

Wiese said he had bought the 28 ha estate in November but would not be moving in for "a couple of years".

He intended to develop it as a wine estate, but it would require a lot of work before it could produce wine.

"I bought it because I wanted it," he said simply. "Yes, a historical old home does present more problems than a modern one, but it is far more beautiful."

Lanzerac Hotel manager DeWet Groenewald said the hotel occupied about 10 ha of the estate and he believed it would continue running under Wiese's ownership, though more as a guest house than a hotel.

If the hotel were restored into a private residence, it would have seven bedrooms, two lounges, a study and dining rooms.

He said the hotel was fairly successful and was running at about 62% occupancy, which was better than in the past.

The hotel, which has changed hands several times, eventually landed up with Alpha Bank, which had come to an arrangement with former owner Attie Botha. It was then sold to Wiese.

An Alpha Bank spokesman would not say what the selling price was as he had been asked not to disclose it.

A Financial Mail report said Wiese had bought Lanzerac for about R14m.

SunCiskei reports details of listing

Star 15/3/91

288

Finance Staff

Sun International Ciskei (SunCiskei) today announced details of its public offer of 5,1 million shares to Ciskei citizens.

The listing of the shares, which have been priced at 150c each, on the JSE's Beverages, Hotels and Leisure sector is scheduled for April 17.

The group, which includes the casino resorts at the Fish River and at Mpekweni and the Amatola Sun and Mdantsane Sun hotels, reported total assets of around R100 million and earnings of R20 million in June 1990.

In the current year SunCiskei expects earnings of about R27,7 million, or 40c a share, on which a pro-forma dividend of 28c is forecast. This translates to a dividend yield of 19 percent.

Levy rise adds to woes at Mabula

MARCIA KLEIN

HUNDREDS of angry Mabula timeshare shareholders voiced their concern on Friday over significant increases in their levies.

A special meeting of shareholders was called after the provisional liquidation on February 6 of Mabula's development companies, Mabula Investments and Mabula Holdings. Bday 14/3/91

Directors said at the time that unit shareholders would not be affected as the three Mabula timeshare shareblock companies — Mabula Timeshare, Mabula Shareblock and Mabula Modjadji Camp — which were not provisionally liquidated, were separate companies and would continue to operate without any adverse effect.

However, yesterday some unit shareholders complained of increases in levies of around 75% and an additional special levy of about R300.

Timeshare operations chairman Norman Moul said the significant increase in the levy was "because levies in the past had been much too low".

Moul said a third of the new levy was needed to provide Mabula with strategic funds for unexpected expenses on the financial and legal side.

Levies would have to be paid within 30 days, and directors had the power "to fix levies or special levies and decide on payment". They also had the power to fine and to withdraw rights.

He said there might be resistance to special levies. However, R450 000 was needed for "eventualities".

Some of the R2,7m, which was the increased levy income budgeted for in the next year, would be payable by the developers, directors said. However, shareholders said they might be called upon to make up the deficit.

Directors said the three shareblock companies would have a claim on the liquidated companies. However, the liquidator said that concurrent creditors could expect about 9,5c in the rand on liquidation of the development companies.

Other areas of concern were that maintenance had deteriorated and the rental pool account was found to be empty. Directors told shareholders they should not hold their levies in lieu of the rental pool, and that bonuses also could not be offset against levies.

Liquor price rise will leave consumers reeling

B/Day 21/3/91

288

MARC HASENFUSS

SA consumers will reel under the increases in liquor prices announced in the Budget yesterday, but these will be compensated for by a small fall in fuel prices.

The petrol price will go down 5c a litre as from Monday. Diesel will also be 5c cheaper for a litre at the coast and 4c in the PWV area, because of improvements in the posted prices of refined petroleum products.

The consumer is, however, not going to benefit as much as he could. A 5c increase on petrol tax and 2c on diesel were announced in his Budget speech, without which petrol would have gone down 10c and diesel 7c.

Finance Minister Barend du Plessis announced a 20% rise in beer excise duties and 10% on spirits. This increases the price of beer dumpies and cans by 3c, pints by 3,3c and quarts by 6,6c. The price of spirits will rise 1,5c a tot or 37,7c a 750ml bottle. Fortified and sparkling wine prices will go up marginally by 1,8c a 750ml bottle.

SA Breweries Beer division MD Graham Mackay said the hike in excise on beer was the highest in the history of the industry. He said it was "disgraceful discrimination" against the beverage overwhelmingly preferred by black South Africans and the working man generally.

Cigarette prices increase by 3c on 10 cigarettes, 6c on a pack of 20 and 9c on a pack of 30. The price of pipe tobacco and cigars rises 25c/kg and cigarette tobacco by 3c/kg.

These adjustments are immediately effective and apply to all goods not yet cleared for domestic use. Retailers said new prices would be instituted from next week when new stock arrived.

Mackay said the excise on beer was a

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"deliberate attempt to sacrifice a growth industry which is providing job and profit in favour of the politically strong wine farmers (natural wine carries no tax at all), and all this despite the Minister's stated objective of growth and job creation."

Consumer prices, set by individual retailers over which SAB had no control would naturally all increase, said Mackay.

Liquor and tobacco retailers said most South Africans would echo the wry chorus that greeted Du Plessis when he announced the price increases. However, economists said SA remained lightly taxed on cigarettes and liquor.

Benny Goldberg's owner Rob Rutter reported a binge of pre-Budget buying.

Du Plessis said government decided the increase in fuel tax should take place simultaneously with a reduction in fuel prices, to prevent an immediate cost-raising effect on the economy.

RAU transport lecturer Vaughn Mostert said the increase in fuel tax was justified in that it funded social spending by taxing *only motorists, who largely represented an affluent segment of the population.*

In the PWV area, the price of diesel will be reduced by 3,9c/l on wholesale and 4c on retail due to transport costs based on pipeline tariffs.

COMPANIES

Sun Ciskei may face dearth of subscribers

BD 22/3/91 BRENT VON MELVILLE 288 (105)

THE only stumbling block to the April 17 listing of Sun Ciskei is the possibility there might not be enough subscribers for shares.

The main condition of the Sun Ciskei offer of 5,1-million shares at R1,50 a share is that it is only open to Ciskeian citizens.

In terms of JSE regulations, a company needs a minimum of 300 shareholders to be considered a public company and industry sources have suggested that Sun Ciskei may not recruit enough interest to obtain the minimum.

It is understood UAL Merchant Bank (which has structured the deal) has been feverishly trying to recruit buyers since the offer opened on March 15.

UAL GM Mike Farrell discounted the suggestion the offer would not be fully subscribed and said, based on the response to the prospectus so far, the offer was expected to be very well received. A simple explanation of the offer has been included in the prospectus.

Sun Ciskei has 75-million ordinary shares in issue, two thirds of which are held by Sun Ciskei holdings, which is composed equally of Sun Hotels International (SHIL) and the Ciskei Peoples Development Bank (CPDB).

The CPDB has allotted a further shareholding of 6,77%, or 5,1-million shares to the Ciskei public and the remainder (26,6%) is controlled by "other shareholders" under the auspices of the Port Ciskei International Development Corporation.

According to the prospectus, the unaudited pro-forma results for the six months to end-December 1990 reflect net income after tax of R13,4m. The directors have forecast earnings by year-end of R27,7m. Forecast earnings, calculated on a weighted average number of shares in issue of 68,75m, has thus been set at 40,3c a share.

MABULA

THE TEST OF TIME

288

FM 22/3/91

Can Mabula timeshare be saved? That's the question 800 of the resort's 3 000-odd timeshare owners who met at the Old Edwardians club house in Johannesburg last week to discuss the fate of the stricken development want answered.

The resort's principal development companies, Mabula Investments (Pty), Mabula Development (Pty) and Mabula Holdings (Pty), were placed in provisional liquidation in the Rand Supreme Court on February 6.

The three share block companies in the group responsible for the timeshare operation were administered by a subsidiary of the liquidated companies. Initially, owners of timeshare at Mabula were reassured by the Timeshare Industry of SA (Tisa) *(Property* February 22) and the developers that the share block companies would be unaffected by the sequestration. Now those reassurances seem hollow.

Joint liquidators Kaap Vaal and Aiken & Peat have permitted a combined management committee of the three shareblock companies to assume day-to-day control of the timeshare facilities. Their mission is to attempt to save the resort by distancing the timeshare operation from the liquidation. But that's easier said than done. Unsubstantiated reports of game being spirited away from the reserve in the middle of the night on lorries are testament to the uphill task they face.

Chairman of the share block companies Norman Moul says: "If the share block directors hadn't taken prompt action, there's no doubt that we would have followed the developers into liquidation. Now, though we aren't out of the woods, we may soon be in a position to take over the developer's entire stake at Mabula for a compromise offer of R7m."

That would include the Mabula Lodge (hotel), game reserve and unsold timeshare units.

Watchdog

Moul says he was contacted by Tisa — supposed watchdog of the timeshare industry — for the first time only last week, 38 days after the provisional liquidation order. But, he says, it has since been very supportive.

To steer the resort through an immediate cashflow crisis, the committee has introduced tough new "no pay, no stay" advance levy payment rules. The plan is to establish a special contingency fund (R420 000 has been collected to date). Levies have also been hiked substantially to ensure that the resort doesn't again land in financial difficulties before the year is out.

In addition, the committee is investigating ways of cutting running costs, particularly on game drives, which constitute a significant chunk of the levy. Moul believes the timeshare operation is now out of immediate danger.

But, he says "if we don't get our levies in, we might as well pack up and go home."

Other issues which Moul and his management team must resolve are what to do about the resorts' unsold timeshare units and how to protect access rights to certain areas in the reserve in the event of land — in the name of the liquidated development companies — being sold. The shareblock companies themselves own 3 500 ha at Mabula.

If Moul is unsuccessful, it is possible that the reserve's animals — a major drawcard and selling point, valued by Kaap Vaal's Ben de Wet at roughly R2,4m — will be sold and removed from the reserve. They are the property of the liquidated companies.

Until now, there had been widespread unhappiness over the management of the timeshare facilities at Mabula. One timeshare owner says her levy for a week at the resort has risen from R347 to R824.

Moul concedes that prior to last week's meeting attitudes had been "very negative."

"The general sentiment in the 280 faxes and letters and the 427 phone calls received to date expressed no confidence in the directors and concern about poor management. With such high levies, people asked why the scheme shouldn't be liquidated. However, sentiment at last week's meeting switched to confidence when people realised that control had been placed in the hands of the timeshare owners themselves."

Sapoa president Eric Field, of Murray & Roberts, which owns timeshare at Mabula, points out: "As often happens with companies in liquidation, the books and records aren't in good shape and considerable investigation and unravelling must be done.

"In Mabula's case, administration of the share block companies was certainly slipshod." He adds that the accounts are still being sorted out and only unaudited figures are available.

Moul explains that when the management committee commandeered the books on February 9, it found several anomalies.

Among them were: an asset register, an allocated loan register and one title deed were missing; there were many unissued share certificates; the administrators had accumulated an unauthorised deficit of R136 000, on which bank interest was accumulating at 21%; money which should have been in the levy account to tide the resort over until the end of the financial year (March) was not there; R245 000 which should have been in the rental pool (a pool for refunds to owners whose weeks have been sublet) was unaccounted for (legal advice is being sought to establish how to deal with rental obligations dating back to June).

Also, a separate trust account was opened for deposits taken for incomplete timeshare accommodation, but there is no clarity on whether there is any money in the account.

The liquidators have advised that they will be claiming R303 000 from the timeshare

Continue →

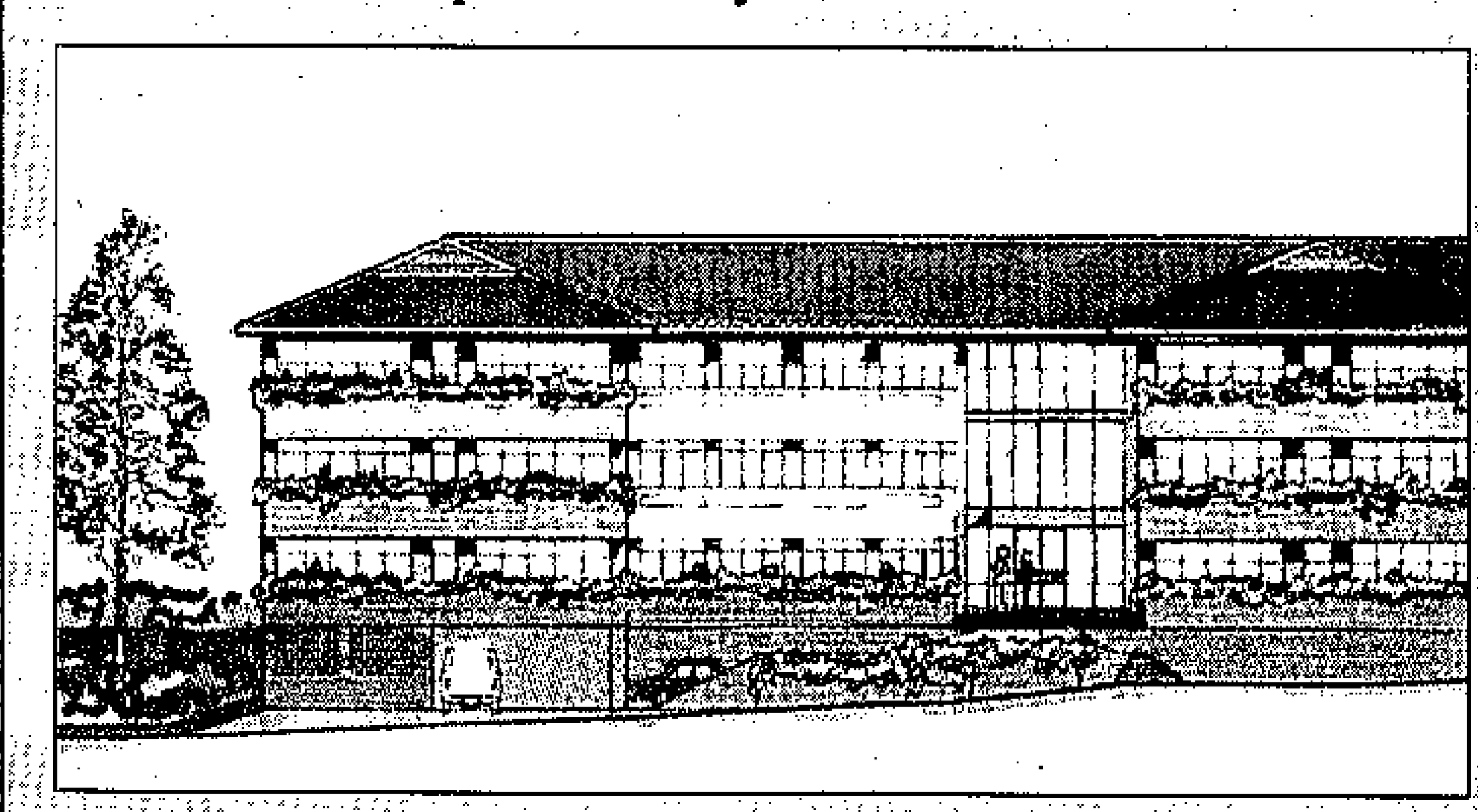
THE GREENING OF ILLOVO

It's not often that a golfing vista forms the backdrop to a new office development but Barrow Dewar Associates has managed to pull it off with this scheme in Rudd Road, Illovo, Johannesburg, overlooking the Wanderers golf course.

It is due for completion in May or June and the R11,3m scheme has 3 000 m² offices over three storeys with 103 basement parking bays.

Inquiries for the unlet building have, says the developer, been brisk despite the high asking net rental of R26/m².

Barrow Dewar denies rentals are over the top and points out that its A-grade offices compare with the best, including Sage's President Place in Rosebank, where gross rentals are on par at R30/m².



The developers intend selling the building to an institutional investor.

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companies; and one group of timeshare units was never insured by the administrators.

All this emphasises the importance of employing timeshare administrators who are totally independent of the developers. It is probable that as the Mabula saga unfolds, this will become a much more significant issue for the timeshare industry in the months ahead. ■

REDEVELOPMENT

MAKING WAVES

Though the redevelopment of Durban's Victoria Embankment was first mooted 89 years ago (in the Hartley Barry Report of 1902), it could be another 89 years before anything happens — that's if the controversy surrounding Portnet's latest harbour development proposals is anything to go by.

Since 1975, redevelopment proposals for the Victoria Embankment have been put forward at an increasing rate, but none of them have been deemed acceptable. The upshot is that nothing has been done to redevelop what has become a stagnant, unappealing and inaccessible part of the bay.

Briefly, Portnet's plan involves a massive dredging operation to reclaim about 20 ha of land from the bay and concentrate development on three islands, connected to the mainland by bridges. It also envisages the reconstruction of the road system along the busy Victoria Embankment roadway, a major city bypass route.

Besides a large-scale facelift of the road system — including providing around 5 200 new parking bays and vehicle and pedestrian underpasses — the island developments will include a hotel and conference centre, private yacht marinas, recreation areas, swimming pools, a fairground, aquarium, parks and restaurants, waterfront residential areas, an office park and marine-related operations like dry berthings, chandlers and workshops.

If the plan can be pushed through within a year, Durban port manager Jan Mors believes it will cost about R450m. Of this, about R120m will be borne by Portnet and the Durban City Council for initial infrastructure such as dredging, road reconstruction and moving the railway line which runs along the Embankment. The balance will be sought from private developers wanting to become involved under the broad parameters set out in the design concept.

Though Mors stresses the project is still just a proposal and should not be considered the "ultimate solution," he's confident work could begin in earnest early next year and that the whole scheme could be completed in five to seven years.

The plans, he says, were drawn up under two broad imperatives — the anticipated doubling of the Durban Functional Region's population in less than 10 years and the need to broaden the city's tourist base. However, he believes economic viability is equally important. This, he feels, has been addressed in the practical nature of the Portnet scheme.

But Portnet's proposals have come under heavy fire from the Natal branch of the SA Institute of Architects, which claims the project will create an alien land separated and sanitised from the city. It's also concerned at the amount of water area being lost in land reclamation, saying the bay's water surface has already shrunk considerably since 1854 and will be reduced still further by the Portnet scheme.

Mors retorts that only 11,5 ha of the 46 ha site is actually navigable. Of the rest, 3,5 ha is reclaimed land and 31 ha tidal sandbanks. After dredging, the navigable area would be increased to 26,5 ha, he claims, while the usable land area would be increased to 19,5 ha.

Harder to convince are the environmentalists. Keith Cooper, conservation director of the Wildlife Society of Southern Africa, expresses concern over the impact on birds and fish living in the bay's shallow waters. Others are worried about the fate of the remaining mangroves in the bayhead area.

The plan has also upset both Durban yacht clubs, as they will have to relocate, along with the other Victoria Embankment occupants. But, organised commerce and industry, on the other hand, seems quite supportive.

Even the council seems split over the scheme. Arguably, the two most powerful figures, mayor Jan Venter and deputy-mayor and management committee chairman Derrick Watterson, find themselves on opposite sides.

Clearly, Venter wants the development to proceed. Even though he declines to comment prior to the proposals being considered by the full council, he has emphasised that jobs and other financial benefits could flow from the scheme.

But, the Manco chairman, who has earned the nickname "No Way Watterson" for frequently shooting down development proposals on council-owned land *(Property* March 15), says the city will be called on to spend at least R60m, mainly on roads and infrastructure.

Watterson says the development will benefit only a small section of Durbanites — mainly yachtsmen — and that such an investment of public and private capital would be better directed into areas like housing. If he gets the support of other councillors, the proposal will probably not get through Manco.

Venter, however, sees a clear passage through city hall for the proposals once Transnet has given the project its blessing. Last week, he said the proposals would be approved within two months of being submitted to council. It will be interesting to see who wins the day. ■

GUIDELINES

Accounting and business advisory firm Price Waterhouse has signed a 10-year lease, said to one of the biggest in Sandton for some time, with JCI for 9 000 m² of office space to become the main tenant of the first phase of the Gateway development due for completion next year.

Greater Johannesburg in Transition is the theme of a one-day Sapoa conference to be held a the Carlton Hotel, Johannesburg, on Tuesday. Speakers include Frederik van Zyl Slabbert and Clem Sunter.

RETAIL

LOWVELD LIBERTY

The winding up of the remnants of the Greenfield property group continues with a number of smaller properties being sold off.

However, that some of the bids may have been on the low side is indicated by the fact that in the case of the Newgate shop and office complex in Johannesburg's exchange district, and the Crescent site in Parktown, the Standard Bank, which is the main creditor on both, is taking steps to buy in both schemes in order to protect its investment.

At the other end of the scale, Liberty Life Properties is crowing about its purchase of one of the more successful Greenfield developments, Nelspruit's newly completed, Mediterranean-styled, Promenade shop, office and hotel complex.

Liberty, the new owner, says the value of its 1,5m m² property portfolio has jumped to more than R2,8bn as a direct result of the new acquisition. This is its first move into a country district from its traditional base in the larger towns and cities.

The Promenade, in Nelspruit CBD, comprises 15 000 m² of mixed-use space with 7 000 m² of ground-floor retail and 3 500 m² of offices. It includes a 73-room, upmarket hotel and conference centre (300 seats) and 509 parking bays.

Negotiations on the purchase focused on the minimal vacancies of 3% in the retail area and 23% on the office accommodation which is interlinked with a fully functioning hotel. Retail, says Liberty, is well rounded with speciality, food and convenience stores, financial institutions, service operators and three Nu Metro cinemas. Office tenants include quasi-retail operations, such as estate agencies, a hairdresser and a slimming salon.

The hotel — a conversion of the original town hall and an historical landmark — operates at an average 85% occupancy on weekdays. It has a charming village ambience.

Letting negotiations on the balance of the available retail space, earmarked for a national chain store or stores, depends on the right-sized premises becoming available. A successful letting in this area, the new owners believe, could give a fillip to the leasing of the remaining office space in the complex. ■

FM 22/3/91 (288)

SUN CISKEI FM 22/3/91 (288)

UNCERTAIN RIGHTS

The proposed sale by the Ciskei Peoples Development Bank of its direct shareholding in Sun Ciskei appears to favour investors.

The bank is offering Ciskei citizens and permanent residents 5,075m Sun Ciskei ordinary shares — 6,8% of the leisure group's total equity — at 150c a share. The method of allocation will be determined once the bank has gauged the response to the share offer.

According to the Sun Ciskei prospectus, EPS for the year to June 1991 will be 40,3c. At an issue price of 150c, this puts the share on a forward p:e of 3,7 and pro-forma dividend yield of 18,8%, which compares well with the rating of Sun International's other listed subsidiaries. The flagship, Sun Bop, is trading on a p:e of 15,2 and 4,1% yield, while TranSun has a 7,6 times earnings multiple and 8,3% yield.

The prospectus states that in the five years to June 30 1990, turnover grew at a compound rate of 42% a year to R82,1m, while earnings climbed 20,2% a year compound to R19,6m. NAV at that time was valued at the equivalent of 66,6c a share and is expected to climb to 68,6c by year-end.

In terms of Ciskei legislation, ~~Sun~~ Ciskei elected in 1985 not to pay company tax. However, withholding taxes at a maximum rate of 15% are deductible from dividends, interest, management fees and royalties paid to non-residents.

If management forecasts are correct, successful applicants can expect to receive a dividend of 6,7c a share for the year to June. The group intends paying annual dividends of 70% of attributable earnings, though the first payment will be considerably reduced by special dividend payments exceeding R20m, arising from a capital restructure in March.

The pro-forma balance sheet for June 30 1991 shows gearing at about 30% — though there are several low interest loans — with net current liabilities of R25,2m. Creditors and provisions including management fees, casino levies and refurbishment costs account for R26,4m out of current liabilities of R33m.

Management warns that the rapid rate of political and economic change makes it difficult to anticipate the group's performance but adds that the casino resort industry has shown "remarkable resilience."

A question over these resort groups is the possibility of changes in tax and gambling legislation (*Fox* March 8). Sun Ciskei has exclusive gambling rights in Ciskei until 1999 and first option on any rights the government may grant in the next 10 years. However, the prospectus warns that the legal enforceability of these rights should be regarded as uncertain.

Sun Ciskei raises no cash from the share offer. Ciskei Peoples Development Bank is undertaking the offer to enable Ciskei citizens and residents to participate in the equity and to facilitate a listing, on April 17.

As a result of the share offer, Sun Hotels International and the Ciskei Peoples Development Bank will, through joint venture company Sun Ciskei Holdings, hold 66,7% of Sun Ciskei. Consortium Lenton members will retain 26,5%, with only 6,8% held by the public.

Though the terms look favourable, for those who can apply, the tight control of the share will obviously limit tradeability.

Simon Cashmore

CONCENTRATION: enthusiastic locals line-up at the club's poker machines.

'Legal casino' at the Vaal

Star 23/3/91 (288)

STAFF REPORTER

SOUTH African gamblers are flocking to the country's first "legal casino" on the banks of the Vaal River, which features poker machines, and where a legitimate form of "blackjack" is played.

No sleazy gambling joint, River Palace is owned by well-known horse racing couple Liz and Mervyn Gribble.

But the Gribbles, according to a weekly racing newspaper Racing Digest, prefer to call River Palace "a social club" which offers a wide variety of activities.

These include boating, skiing, a fully equipped gym, heated swimming pool, indoor and outdoor jacuzzis, satellite TV, tennis, sauna and gaming room.

Membership of the exclusive club, according to the racing paper, is granted at the discretion of River Palace's membership board.

The owners claim their club — the first of its kind in this country — does not transgress SA's gambling regulations. No money passes hands at the tables and a strict security procedure is in operation.

Members are requested to sign in and supply personal details.

Top-class croupiers staff the gaming tables and reside at a Vanderbijlpark block of flats which, says the Racing Digest, is also owned by the Gribble family.

The form of blackjack played is actually the game of skill Ace High, says Racing Digest, which visited the premises.

It adds that the club does not yet offer roulette although there may be plans to obtain a European roulette system, which does not rely on Lady Luck.

According to the newspaper those who frequent the club are mainly locals from the Vaal area.

Clampdown on puffing in restaurants

288

By Louise Burgers
Municipal Reporter

Star 27/3/91.

Johannesburg restaurants will soon have to provide space for non-smokers, the council decided last night.

Non-smoking city councillors won the day when they had a resolution passed — by five votes — requiring restaurants to reserve space for non-smokers, despite strong opposition from smokers in the council.

The council decided that 60 percent of seating in restaurants must be reserved for non-smokers and that smoking must be prohibited in take-away restaurants.

The decision has to be advertised in the Provincial Gazette to allow for objections before it becomes law.

The vote has drawn criticism from the Federation of Hotel, Liquor and Catering Associations of South Africa (Fedhasa), which says it will harm trade.

Rejecting slow murder ... Professor Harold Rudolph.

In a lively debate, smoking councillors were described as "selfish" and anti-smokers as "maniacs".

A motion to refer the item to the health committee was defeated by 23 votes to 18.

The management committee's Paul Asherson (DP) defended smokers' rights, saying suicide in South Africa was not illegal.

"Yes, but slow motion murder is," countered Professor Harold Rudolph (Ind).

"We have no intention to invade the rights of smokers. This is an attempt to provide a place for non-smokers in restaurants."

Addressing puffing councillors, he said: "You have the right to smoke in your own home, but when you smoke in a public place, you interfere with my rights."

Mr Asherson and colleague Izzy Schlapobersky questioned the right to intrude on the rights of restaurateurs. Mr Schlapobersky said the law was an invasion of privacy.

Anchen Dreyer (DP) said it was about human rights: "I don't deny a smoker's right to smoke, but I don't want anyone to interfere with my right to breathe clean, unpolluted air."

NP councillor Patricia Lion-Cachet called for the council to implement tougher measures to control smoking in public places.

Fedhasa said a smoking ban in restaurants and hotels was impractical, would upset trade and would impose yet another regulation on a sector that was already over-regulated.

Restaurants and hotels should be left to make these decisions themselves.

Transvaal regional director Lourens Oberholzer said: "Cape Town dabbled with a similar ban and it had to be withdrawn because of objections and the fact that it was impossible to enforce.

"The Johannesburg City Council seems set on making the same mistakes and we are prepared to take a very strong stand against the whole idea.

"There is no simple solution to the question. Basically, every restaurateur and hotelier has to decide for himself what is in the interests of his business."

SOWETAN BUSINESS

Taverners facing the crunch

Sowetan 28/3/91

288

By JOSHUA RABOROKO

THE liquor trade in black residential areas in the PWV complex is on the brink of collapsing.

Factors affecting the business include, violence, intimidation, lack of capital and management skills, robberies, rise in the price of liquor and petrol, sporadic electricity cuts due to township boycotts and the impending introduction of VAT.

Organisations - the South African Taverners Association and the National Tavern Association - representing some 3 000 taverns and shebeens in the areas, have disclosed that most of the liqour outlets are facing prospects of closure.

The liquor trade, which forms part of the small business sector, has played a significant role in its development.

The growth and development of this informal sector has helped create jobs for many destitute blacks in the past.

SATA's secretary Mr David Mashaphalo said that a tavern that was making more than R3000 over weekends was now down by almost 50 percent. Most liquor traders were no longer able to cope with their financial obligations, such as payment of debts and buying stock as a result of many factors.

He said one of the greatest handicap affecting black traders was finance. The effect of high inflation rate, high interest rates, negative economic growth and reluctance by financial institutions to grant loans were hitting black business.

Mr Johny Dilima, chairman of the Vaal Triangle branch of SATA, said more than six taverns were destroyed - one razed and liquor stolen - by angry pupils after confrontation with owners in the past few months.

Damage has been estimated at more than R2-million.

"The mistake has been to allow pupils to patronise our businesses and when they pick up problems, we normally become the prey.

"In some instances, comrades have demanded liquor and donations and if we fail, then we are victimised." Dilima said.

A Sebokeng tavern owner, Mr Buti Mofokeng, said his business was damaged, property and money stolen, when pupils from a neighbouring high school accused him of "harbouring thieves" in his tavern.

Repairs cost him more than R20 000.

Restaurant smoking clamp 'cannot work'

Star 28/3/91

288

By Paula Fray

Impractical! That was the response to the Johannesburg City Council's proposal to clamp down on smoking in restaurants by restricting space for smokers to only 40 percent and reserving 60 percent for non-smokers.

"This is something which could only be invented by a politician," said Frank Swarbreck, executive director of the Catering, Restaurant and Tearoom Association.

Mr Swarbreck said the association still needed to study the ordinance. At the moment it was still an emotional issue.

However, he said restaurateurs were in the entertainment business and were not going to be "policemen".

"The whole thing will depend on how the ordinance is phrased ... and who is going to police it," Mr Swarbreck said. He questioned whether inspectors would walk around checking the percentage of smokers, should it become law.

James Ralston, manager of the Gatrile, Son and Co restaurant in De Villiers Street, Johannesburg, said the law was "totally impractical in our establishment" as the eating area consisted of a single large room.

"What happens if you have a group of six with one smoker — and the table is in the no-smoking section?" he asked.

Mr Ralston said he did not have a clue as to how the municipality would impose the proposed law.

Wayne Brooklyn, manager of Horatio's restaurant in Melville, was emphatic: "I'm a non-smoker and I hate the idea!".

He added: "From a practical point of view the 60 to 40 percent ratio presents some problems. What happens if you have all the smokers eating out and the non-smoking section is empty. It's difficult to change the boundaries."

Mr Brooklyn said he had no idea how the municipality intended to enfore the proposed law.

Melville's Front Page restaurant would not have a problem accommodating the new laws.

"We're actually not unhappy about it. We've always accommodated non-smokers in a special section where other non-smokers were sitting on the night," said manager Christelle Rheeder.

She said the restaurant had five sections, any of which could be converted to a no-smoking zone.

Where will they sit? ... Hilton Turnbull (left) and Derek Welensky prefer to eat in smokeless zones. Hilton's wife Jackie (next to her husband) and Suzie Ross are smokers. Picture: Alf Kumalo

There's no pleasing everyone

By Susan Smuts Star 28/3/91

(288)

There have been mixed reactions from Johannesburg restaurant patrons to the news that smokers and non-smokers would be segregated.

Gerald Michael and Priscilla Boom were pleased, but wanted smoking bans in other public places too.

A non-smoking customer, who did not want to be named, said the plan would not work.

"You can't stop people doing what they want to do. I won't wear a seat belt, someone else may refuse to stop smoking."

But a foursome dining at Fat Franks in Braamfontein had a special problem — two are smokers and two non-smokers.

Smoker Jackie Turnbull said: "It will never work in South Africa.

"I have just been on the QE2 as a tour leader, where 10 seats were reserved for smokers in a dining-room which seats 500, but 80 percent of my people were smokers.

"South Africans will have nervous breakdowns if they can't smoke."

Her husband, Hilton, who is a non-smoker, said he did not like people "smoking all over me". But he doesn't mind if people smoke in restaurants so long as the ventilation is good.

Derek Welensky said it was terrible to have good food and good wine ruined by someone smoking at the table.

Which put the fourth member of the group, Suzie Ross, in a peculiar position. She is a social smoker, and only lights up in restaurants.

F.M. 29/3/91 (288)

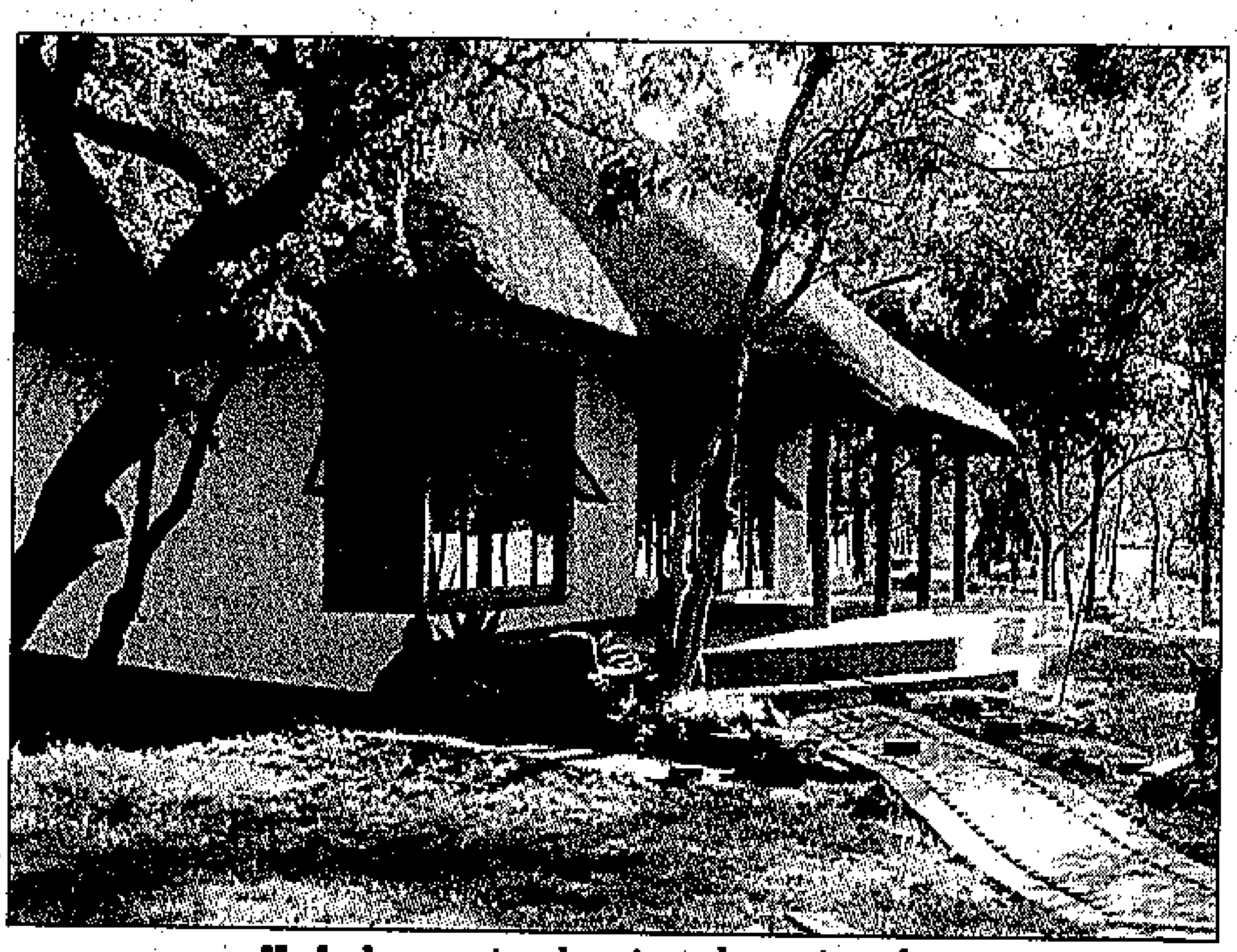
TIMESHARE

TAKING STOCK

It's back to the drawing board for timeshare developers as they study the consequences of the provisional liquidation of the holding company of the high-profile Mabula timeshare resort in the northern Transvaal and events that led to its demise.

There certainly must be lessons for the timeshare industry in this latest debacle. This much is conceded by Bruce Ravenhill chairman of the Timeshare Institute of SA (Tisa), the industry's self-regulating body, who admits the failure of the Mabula development companies caught Tisa, at least partly, flat-footed.

The resort's principal development companies, Mabula Investments (Pty), Mabula Development (Pty) and Mabula Holdings (Pty), were placed in provisional liquidation in the Rand Supreme Court on February 6.



Mabula ... *in the timeshare jungle*

The court set a return date this week (March 26) for the respondents to say why the order should not be made final. There was, however, an application for an extension.

Among the issues which Tisa must review are: The relationship between Tisa and timeshare owners (as opposed to developers and marketers); how and whether Tisa can be given more teeth to discipline and regulate members; the relationship between developers and managers of timeshare resorts; how to make timeshare owners more aware of Tisa and its services; and, whether additional legislation should be introduced to safeguard timeshare owners' investments.

Ravenhill accepts that Tisa could have taken a more proactive role in helping the 3 000-odd timeshare owners in Mabula's three timeshare/share block companies over their cash flow difficulties which followed the provisional liquidation of the holding company. He points out, however, that Tisa has been active behind the scenes in trying to rescue the timeshare operations.

What is likely to emerge from this, he says, is that there is likely to be greater pressure to ensure that developers and the management of timeshare operations should be totally divorced. But he strongly opposes the suggestion that this should be brought about by additional legislation.

Norman Moul, chairman of the joint timeshare/share block companies, however, takes the opposite view.

He believes that legislation to ensure that totally independent managers, with no connection to the developers — in the case of Mabula there were common directors — is the only way timesharers' interests can be properly safeguarded.

To improve the timeshare industry's image, Ravenhill says the Standards Authority, which hears complaints against members, has been overhauled to include people who have no connection with the timeshare industry. On the new committee are members of the Advertising Standards Authority, the Harmful Business Practices Committee, the Consumer Council, four practising lawyers and industry representatives.

He stresses that Tisa members are required to adhere to a strict code of ethics and members of the public can complain to the standards committee if they are unhappy with the performance of Tisa members. Penalties for violations include "compensatory fines" and/or expulsion from the institute. There is, however, some conjecture about Tisa's ability to enforce discipline. The Mabula developers, for example, resigned from the organisation just before the provisional liquidation.

Perhaps of more use to timeshare buyers is a just published *Consumer's Guide to Timesharing in SA*. Tisa claims this covers everything the public needs to know about timeshare. Apart from explaining how timeshare works, it details some of the dangers to be aware of when buying holiday weeks for life.

□ It seems the bid to rescue Mabula's three timeshare/share block companies is doing well. Moul says more than R1m in levies had been collected by the end of last week compared with R420 000 a week earlier. ■

It's no bum Steer, say fast foodies

288

ASKED by Decision Surveys International to rate several fast-food outlets on a scale of 0 to 10 for excellence, Johannesburg, Rosebank and Randburg respondents gave the nod to Steers, which achieved an overall rating of 7,15. Star 30/3/91

Among whites, Nando's Chickenland rated tops, at 8,27. Chicken Licken got the top rating among blacks, at 7,84.

Asked to name their favourite outlet, whites singled out Steers (18 percent), Juicy Lucy (12 percent) and Wimpy Bar (12 percent).

Blacks preferred Wimpy Bar (13 percent), supermarket takeaways (13 percent) and Chicken Licken (11 percent).

Fast-food chains which received the highest number of mentions for having been bought from during the past six months are Wimpy Bar, Kentucky Fried Chicken, Bimbo's, Steers, Juicy Lucy and Chicken Licken.

A major factor determining which outlet is visited is proximity to home or work.

"Here are your cards Smith and, frankly, I'm glad to see the back of you."

Holiday firm lays off 500 workers

Cape Times 6/4/91

288

By DANIEL SIMON

CAPE SHARE CC — a former Somerset West-based timeshare company — yesterday laid off hundreds of employees countrywide and closed its offices amid a national police probe into allegations of fraud involving millions of rand.

The investigation has been going on for about three years.

Yesterday's sudden shutdown of Cape Share's activities has affected some 500 employees at 16 branches around the country.

It was also learnt yesterday that timeshare owners who bought packages through Cape Share could lose financially and receive little or no compensation if Cape Share-linked trust company Carmel Trust is liquidated.

The trust, of which Cape Share managing director Mr Frank Pennington and his wife are trustees, was provisionally sequestrated on March 18 following an application lodged by Cape Share.

Cape Share has been operating for about five years and has sold about 2 800 timeshare packages worth tens of millions of rand.

The company began experiencing cash-flow problems several months ago when employees telephoned newspapers to say they were not receiving their salaries. The company acknowledged then that it had a financial problem.

In a telephone interview Mr Pennington said that at present Cape Share had R8 million in assets and R3m in liabilities.

He said employees received notice of a suspension of their jobs yesterday morning by fax. in which

New rise in crayfish cost 'unjustified'

STAR 10/4/91

(288) (12464)

Consumer Reporter

Another increase in the price of crayfish — the second in five months — has been slammed by the Federated Hotel, Liquor and Catering Association (Fedhasa) as "totally unjustified".

During the "traditional" November increase, the crayfish price charged to restaurants rose from R24 to R27/kg. This was followed by another increase last month, bringing the price to R29,50/kg.

Fedhasa executive director Peter Hearfield said South African restaurant patrons and the local tourism industry were being sacrified to line the export coffers of the crayfish industry.

Quota

"It's the same old story. South Africans watch all their best goods being exported to far-off countries where better-off consumers can afford to pay exorbitant prices.

"The home market is apparently seen to be of secondary importance and there is a distinctly monopolistic flavour to the latest increase in the local crayfish prices," Mr Hearfield said.

Fedhasa said the cost of crayfish had increased by up to 30 percent since 1989 and the latest rise meant restaurant patrons would have to pay anything upwards of about R45 for crayfish thermidor.

Fedhasa Restaurant Guild chairman Robert Mauvis said the time had come for a definite quota of the catch to be allocated to the South African market and for prices to be allowed to find their own levels.

Accommodation at parks up 50%

(288)

WILSON ZWANE

THE cost of accommodation at national parks had been increased by up to 50% since the begining of the month, a National Parks Board spokesman said yesterday. B/Day 11/4/91

Billy Ackerman said the biggest tariff increases were for luxury accommodation. He said the international ban on ivory trading was partly to blame.

Before trading in ivory was banned about two years ago, the board made about R3m a year on ivory.

Tariffs for luxury guest-houses in the Kruger National Park had gone up from R165 to R260 for four people a day while similar facilities in Tsitsikamma National Park rose from R165 to R200.

He said increases for family accommodation were modest with standard cottages for two people up from R69 to R90 a day in the Kruger National Park and from R139 to R165 at the West Coast National Park, near Langebaan.

Where three or more people are accommodated, the tariff is R25 an adult and R12,50 a child.

Extra fees for meals and a weekend surcharge of 10% for Fridays and Saturdays were also charged.

The ivory ban, lack of government subsidies and fuel hikes had dented the board's income, he said.

Spur group still sizzling as its earnings keep rising

(288)

B/Day 18/4/91

MARCIA KLEIN

STEAK ranch franchise chain Spur Steak Ranches (Spur) and its holding company Spur Holdings (Spurhold) have once again increased their growth in earnings.

In the year to end-February, Cape-based Spur increased its earnings by 49% to 22c (14,8c) a share and its dividend by 33% to 17c (12,8c) a share.

Turnover increased by 33% to R17,7m (R13,4m) and income before tax rose by 54% to R6,9m (R4,5m), bringing attributable earnings up by 49% to R3,5m (R2,3m).

MD Gerd Topat said that Spur, which opened 15 new stores in financial 1990, would be building another 12 this financial year. It has 109 stores in SA.

He said the company was looking at various areas for development, and directors had been travelling extensively overseas. They had been looking at different aspects of the market to ensure continued growth patterns over the next five years.

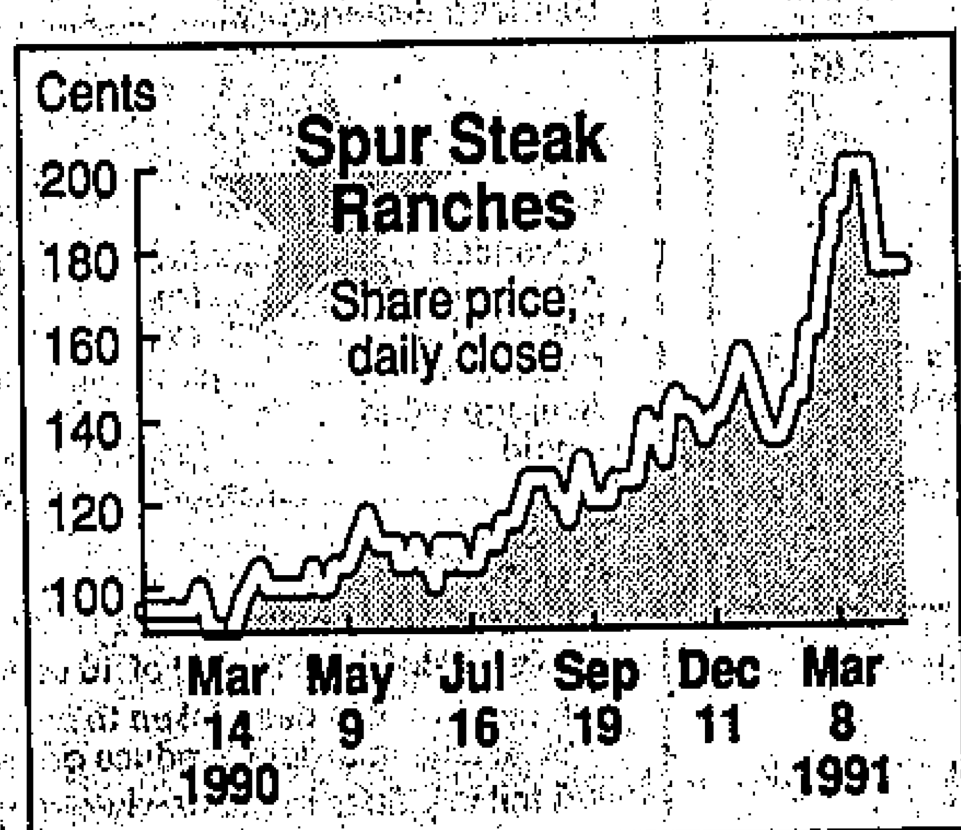
Spur's share closed yesterday at 175c after reaching a high of 200c late last month and a low of 100c in June 1990.

At the interim stage, when Spur reported a 41% increase in earnings, Topat was confident Spur would continue its growth in the second half.

Holding company Spurhold, with a 40% holding in Spur, increased its attributable income by 41,8% to R2,3m (R1,6m) and its earnings rose similarly to 18,2c (12,9c) a share.

A final dividend of 9c a share was declared, bringing the full year dividend up by 30,2% to 14c (10,8c) a share.

Spurhold exported beverage display coolers to Europe, and directors said that although this was a small part of the business, "hopefully this will take off in the coming year".



Graphic: FIONA KRISCH Source: JSE

Indaba fair will herald new age in SA tourism

Cape Times 20/4/91

288

NEXT week Cape Town will host INDABA '91 in the Good Hope Centre, the largest tourism workshop yet presented in southern Africa with a full house of 310 stands to attract 650 international travel representatives, fill our hotels, provide numerous spin-offs and lead to rich future benefits for Cape Town and the Western Cape.

MORE than 200 concerns representing all sectors of the travel industry, including hotels, informal accommodation, coach and car-hire companies, tour operators, national parks and game reserves and 13 international airlines will be there at INDABA '91.

Industry sources describe the event as a coming-of-age for South African tourism in general and tourism to the Cape in particular.

South Africa is back on the world travel market, they say. Tour packages featuring stays at top hotels and game parks and travel on the Blue Trin are now being featured in the overseas Press, but Indaba '91 will be the most concerted marketing exercise to date.

LOUIS KREINER

The Western Cape exhibition area will have a fynbos theme. About 40 grape-picking baskets will be filled with fynbos and dried flower corsages will be pinned on each delegate visiting a Western Cape stand. A group of Cape minstrels will stage a welcome each morning on the Good Hope Centre steps.

Impressions

Neighbouring southern African countries, including Namibia, Malawi, Swaziland, Lesotho, Zimbabwe, Zambia, the Islamic Republic of the Comores, Botswana and Mozambique, have taken 26 of the 310 stands. For the first time, Madagascar will also have a delegate at an Indaba workshop.

Europe, North and South America, Australasia and the Far East will be represented and it is clear that the tourism industry has realised the marketing potentrial of what has developed into South Africa's most important tourist fair.

Several international travel writers will attend the workshop, which will run from April 24-26, with the fair open to the general public on the 27th and their impressions will obviously be vital for tourism in this country.

For this purpose the Captour stand, according to Alderman Louis Kreiner, chairman of the organisation, will concentrate on providing a comprehensive information service to the journalists, emphasising with literature, photographs and videos the cultural, historical and unique outdoor attractions of the city and environs. A special effort will also be made to put them in touch with specialists in their various fields of interest.

'Full occupancy'

The workshop will be sponsored by the SA Tourism Board and South African Airways. Since 1989 it has become a dynamic factor in the promotion of tourism in this country.

Kreiner told Top of The Times: "Captour plans to take full advantage of the fact that top tourism people from all over the world will be in Cape Town. We will man a stand to promote the city and the mayor will host a special dinner for Cathay Pacific, which is due to begin flights to South Africa in July."

An immediate spin-off is that top city hotels are reporting full occupancy for the period and, as important, Indaba '91 is an ideal practice run for next year's SKAL International, the world's most prestigious tourist conference.

Cape Town has beaten Orlando, Florida, US, for the privilege of playing host to the 1 200 delegates in February 1992.

Great goodwill towards SA in Africa – Rupert

(288) (390)

By Paula Fray Star 23/4/91

There was enormous goodwill towards South Africa among African leaders, Dr Anton Rupert told the regional congress of the Federation of Hotel, Liquor and Catering Associations of SA (Fedhasa) in Vanderbijlpark yesterday.

He said South Africans had the responsibility to explore the new climate positively. "The opportunities are immense and all we need now is peace."

There were great opportunities in tourism, the fastest growing industry in the world, with a R10 trillion turnover, employing 100 million people.

Dr Rupert said South Africa had the infrastructure, culture, the climate and the variety to attract world tourists.

Southern Sun Holdings Group MD Ron Stringfellow said the hospitality industry had been badly affected by the Gulf War.

He said there was a surplus of hotel accommodation in the country.

Soaring costs force hotels to rationalise

B/Day 23/4/91 (288)

HIGH costs and low demand have forced rationalisation on the hotel industry.

The result has been a strong trend towards the limited-service operation typified by City Lodge.

According Howarth Consulting CE Delano Caras, the tourism industry is expected to be the world's biggest industry by 2000.

But in the short term it is under pressure.

"The difficulties in the industry are a function of the economy.

"Overseas visitors still account for a small precentage of the business done in SA, and will continue to do so even when relations between local and international businesses improve and when SA becomes more attractive to tourists.

"At the same time, local business is right down.

"Input costs — especially the cost of labour in a highly labour-intensive industry — are also soaring.

These trends have put pressure on the industry to make a number of radical changes.

For example, says Caras, it is years since the food and beverage part of the business paid its way against competition from outside restaurants.

"Hotels have been forced to specialise in providing accommodation and the modern tendency is to stop at this."

Ban goes up in puff of smoke

Star 24/4/91

288

By Shirley Woodgate

Johannesburg City Council's controversial partial ban on smoking in restaurants has been rejected by the powerful Johannesburg Chamber of Commerce and Industry.

The council recently voted in favour of forcing restaurants to set aside 60 percent of seating for non-smokers, but the JCCI claims the decision was based on a major flaw — its total unenforceability.

Mockery

"Regulations which are near impossible to implement make a mockery of the law and diminish the effect and authority of enforceable regulations amd legislation," the JCCI said.

The council's decision, which still awaits the Administrator's approval, has also been condemned by Fedhasa as one which would upset the trade, imposing yet another regulation on a sector that is already over-regulated.

Confused

The Johannesburg ban was preceded by a similar decision in 1989 by the Cape Town City Council which the Cape Administrator refused to ratify following representations by businessmen and restaurateurs.

Among the 17 points raised by objectors were that the partial smoking ban would have neglible effect on public health, the regulations unfairly disadvantaged the restaurant industry, tourists would be confused, and mixed smoking and no-smoking groups could not be accommodated.

Southern Sun in hotel deal with Accor

288

BDay 25/4/91

MARCIA KLEIN

SOUTHERN Sun has joined forces with international hotel giant Accor Group to set up budget hotels in SA. 25/4/91

Southern Sun MD Ron Stringfellow said yesterday that Accor was "committing itself to the first major investment of its kind since the lifting of certain EC sanctions against SA".

An agreement between the SA Breweries subsidiary and the world's largest hotel group is being finalised to "clear the way for the introduction in SA of the revolutionary budget chain Formule 1, the fastest growing division within the worldwide Accor Group".

Southern Sun Holdings will obtain Formule 1 rights for the African continent south of the equator, and "envisage a window of 50 hotels extending right across southern Africa".

Formule 1 has 180 hotels in France, and is expanding rapidly in Germany, Belgium and the UK.

in these point

Taverners take Louis Luyt to task

By SELLO MOTLHABAKWE

MILLIONAIRE Louis Luyt and a German company had approached Soweto taverners to ask them to support their new brewery, a spokesman for the National Taverners Association said yesterday.

Addressing taverners at a meeting in Soweto, NTA chairman, Mr Ray Mollison, said his organisation had asked Luyt and the company to offer shebeeners shares in the new venture, but the two did not appear keen to enter into such a deal.

288 182

Business shares

He said Luyt's intentions to establish breweries would fail if they did not offer the taverners and shebeens a sizeable share in their business.

Mollison said taverners had, up to now, been the marketing arm of liquor manufacturing and brewing companies.

Sowetan 25/4/91

The association had sold shares for R147 000 to its members and shebeeners last year. The bulk of that money was offered to taverners and shebeeners to improve their businesses, Mollison said.

FM 26/4/91 (288)

REDEVELOPMENT FM 26/4/91 (288)

KILLARNEY RUMPUS

A five-star international hotel — possibly financed with international backing — is planned for Riviera Road, Johannesburg, close to the Killarney shopping mall.

There has been a predictable outcry from ratepayers over the proposal but consultants to the developer maintain that the criticisms are premature and take no account of the facts.

Nevertheless, consultant Steve Jaspan, of Rosmarin Associates, is reluctant to discuss the matter in the press until he has talked to all interested parties. But he does say the proposal is for the conversion of Sunningdale Mansions, on Killarney's Saxonwold boundary, into a 12-storey hotel.

"Nobody will be evicted and thrown on to the streets," he promises. "Furthermore, this could lead to the enhancement of the area. What's planned is an hotel of a higher standard, based on international ratings, than either the Johannesburg Sun or Sandton Sun. It will be very select, based on suites rather than a multitude of rooms. The pricing of the suites will be high and aimed at attracting international businessmen."

Killarney Residents' Association chairman Harry van der Kleij, who has met Jaspan, remains unconvinced. He says Killarney, Houghton and Saxonwold ratepayers have pooled resources to fight such applications, which amount to commercial creep in residential neighbourhoods.

"If necessary we will take legal action to block this proposal. That's not an idle threat. We have the legal and financial muscle to do so. If there is a need for this sort of hotel, it should be based on an upgarde of the Sunnyside Park Hotel, not the redevelopment of flats in Killarney, which will disrupt the lives of 3 500 people."

Jaspan says: "The hotel will probably be largely financed from sources outside SA, possibly a respected hotel group established in Europe and the US. Its involvement is a demonstration of faith in the future of SA."

He adds that people who think it will feature wine bars, discos and yuppie meeting places are "way off beam." At most there may be a few very select, elite, restaurants. "The aim is to provide visiting businessmen with a quiet, restrained, tasteful environment in which to escape those sort of things while visiting the country's commercial capital." He does, however, concede that there will be a room suitable for small conferences but adds it will not be on the same scale as the city's main conference hotels.

"We've explained this to the residents and have expressed our willingness to include controls in the application to ensure that they are entrenched," says Jaspan.

The selection of the site is based partly on the fact that the owners of the property will probably be participants in the development. But just as important is the fact that it is close to two arterial roads, Oxford Road and the M1 freeway. Being in a residential area presents no conflict, Jaspan says, because the proposed development is fundamentally for residential rather than business or office use.

"Furthermore, the property is well treed and on a sloping site. That means that attractive vistas will be created, not overlooking people's gardens but affording a longer view across the suburbs."

Jaspan says a traffic impact study has been carried out. The hotel will have at least one basement for parking but there could be more depending on council.

Van der Kleij scoffs at Jaspan's rosy portrayal. He points out that it appears from information gleaned from his meeting with Jaspan that the hotel will have shops on one level, three restaurants, a licensed coffee bar and basement parking for 500 vehicles.

"The fact is that with up to 400 paying guests, around 250 employees working 24 hours, 500 seats in the restaurants, up to 450 people seated in the conference rooms, 500 in the ballroom, means that up to 2 000 people could be using the facilities daily. Nobody can tell me there won't be an impact on the already congested traffic facilities."

Mike Woods, of the Saxonwold and Parkwood Ratepayers' Association, backs Van der Kleij. He says all he has seen of the proposals to date is a brief application submitted to the council. "I would be happy to sit around a table and discuss the issue and see what is really involved. The flats do need upgrading but our concern is for the many retired and semi-retired people who live in the existing buildings."

Woods stresses that he does not resist change for the sake of it. But he says it appears that the proposal has not been properly thought through in terms of its impact. ■

Taverners want a share

Blo ay
26/4/91

WILSON ZWANE

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AN ASSOCIATION of black taverners will approach rugby supremo Louis Luyt soon for shares in his new brewery.

National Taverners' Association (NTA) chairman Ray Mollison said his organisation was set on acquiring shares in Luyt's brewery, which is due to start operating in January 1992.

Any liquor company which did not look at black people as potential shareholders was doomed to failure, Mollison said.

"Our association will meet Louis Luyt soon to discuss possible participation of taverners and shebeeners in his new brewery. Taverners are tired of being merely the marketing agents of breweries."

Luyt could not be reached for comment yesterday.

Last month Luyt announced plans to build a R500m brewery in Randfontein. The brewery will have a 150-million l/year capacity.

Taverners to talk to Luyt

CT 26/4/91

Own Correspondent 288

JOHANNESBURG. — An association of black taverners will approach rugby supremo Mr Louis Luyt soon for shares in his new brewery.

National Taverners' Association (NTA) chairman Mr Ray Mollison said his organisation was set on acquiring shares in Mr Luyt's brewery, which is due to start operating in January, 1992.

Any liquor company which did not look at black people as potential shareholders, was doomed to failure, Mr Mollison said.

"Our association will meet Mr Louis Luyt soon to discuss possible participation of taverners and sheebeeners in his new brewery. Taverners are tired of being merely the marketing agent of breweries," he said.

MEDIA SPOT

Alcohol advertising adds froth to debate

288 186 290

Reports by MARCIA KLEIN

HEATED debate about the advertising of liquor brought the marketing of alcohol under scrutiny at Fedhasa's Transvaal congress last week.

Social Aspects of Alcohol Committee director Gary May said the biggest threat to the industry was the shift in consumer perceptions to the view that alcohol was no longer acceptable.

"There was also an international anti-alcohol conspiracy to stigmatise alcohol, especially in Scandinavian countries," he said. And the focus of the World Health Organisation had shifted from alcohol abuse to reducing total consumption by 25% by the year 2000.

However, growth in consumption continued in the developing world, and this problem was now on the agendas of the UN and the US Department of Health.

Issues that were being addressed by anti-alcohol lobbies were the reduction or elimination of advertising, raising of the minimum age, curtailing of hours of service, and mandatory price increases. May said the only way to address the anti-alcohol issue was as a threat to the industry.

Advertising of liquor in SA was around R85m a year. Retailers argued that the industry needed the media to build brands.

They said the focus should not be on limiting advertising but rather on looking at the contents of ads, including the use of young people, or the encouraging of the use of alcohol.

Anti-alcohol and drug lobbyist Pastor Les Sanabria said that the industry "was advertising a drug that destroys the brain", and it was important to prevent further advertising of liquor.

He said the industry should not advertise at sporting activities.

"By presenting the lie that sports and drinking went together," the industry was contravening the advertising standards code.

B/Day 20/4/91

May said there was still no evidence to prove advertising resulted in an increase in per capita consumption.

A code drawn up by the industry was intended to satisfy all groups involved by achieving a balance between building brands and showing responsibility.

Sanabria said that adverts induced people to drink by making them identify with success through advertising lifestyles, and called this "irresponsible advertising of alcohol".

TIMESHARE FM 3/5/91

LIFELINE TEASER (288)

A rescue operation has been mounted to save the latest timeshare development in financial difficulties.

This time it's the Timshare Institute of SA (Tisa) — which hopes to prevent timeshare owners, many of them coloured and Indian, from losing their investments in financially stricken Sudwala Lodge, next to the famous Sudwala Caves in the eastern Transvaal. Trouble at Sudwala follows closely on the woes of the company that developed the high-profile Mabula timeshare facility in the northern Transvaal.

Sudwala's 2 600 timeshare owners face the prospect of losing their holiday homes unless the money can be found to satisfy other creditors of the development organisation, Karmeltrust, declared insolvent by the Pretoria Supreme Court last month (*Property* April 12). According to liquidator Limvaal Trustees, liabilities include intercompany loan accounts amounting to about R30m; trade accounts of about R10m; and other creditors.

Tisa director Peter Erasmus says his organisation decided to mount the rescue for the sake of the industry rather than any other motive. Karmeltrust, he stresses, is not a Tisa member and the timeshare industry body could theoretically have washed its hands of the matter.

Tisa, he says, has had a meeting with main creditors Boland Bank and Pretoria Bank. "It's quite obvious that it is in the interests of both banks to save Sudwala as a going concern. But they are doing even more than they're obliged to and leaning over backwards to make this plan work."

Erasmus adds: "The proposed rescue operation centres around proving the validity of the claims against Karmeltrust. In addition, plans are under way to establish a shareblock company. This will buy the time-

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share assets from the insolvent estate. Each holder of timeshare at Sudwala will then buy a proportionate share in the shareblock company. This would be offset against the buyer's claim against the insolvent estate. An additional amount — it is not yet clear how much — will be collected to pay for completion of the development and to build up a levy fund for the management of the resort."

If the rescue proposal is accepted. An advantage of this would be that shareblock members would own their timeshare in perpetuity instead of for just 10 years — the arrangement with Karmeltrust.

The only outstanding issue to be resolved is that of dealing with the last group of creditors. This problem is being tackled. Erasmus adds that a meeting of timeshare owners has been called at Old Edwardians in Johannesburg on May 14 at 10am. ■

Mabula investors seek white knight

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ST Times 5/5/91. (Buss Times)

By DIRK TIEMANN

MABULA timeshare owners hope someone will relieve them of a R9-million burden by buying the resort's assets.

Chairman of the three shareblock companies Norman Moul says Finansbank has assured them of its support.

The R9-million would buy land and its game on the 3 000 hectares owned by the shareblock companies.

Negotiations are apparently also under way with Southern Sun Timeshare, Sanbonani, Gerald Lubner, Trevor Shaw and Rand Consolidated Properties to buy the assets of Mabula out of liquidation for up to R9-million.

Should no investor come forward, the 3 000 timeshare owners may have to make an offer.

Liquidator Kaap-Vaal Trustees says there is written offer to buy Mabula's assets for between R7-million and R9-million, but it is subject to conditions which still have to be met.

Liquidator Ben de Wet says nothing is final, but discussions continue with potential buyers.

Former Mabula director Willie Joubert says timeshare owners will not have to pay a cent.

"Mabula is a strong project and the buyers are there."

Mr Moul says the offers include the possibility of a partnership between timeshare holders and an investor.

Cash

"We would like someone to work with. We do not wish the shareholders to put much cash up front."

Mabula Investments, Mabula Holdings and Mabula Developments, the three developing companies, were placed in final liquidation this week.

Mr Joubert says he did not oppose the liquidation. He hopes the issue will be resolved quickly and to the satisfaction of the timeshare owners.

The three liquidated companies previously controlled the sale of timeshare units, the lodge and hotel facilities and most of the land and game. All is in the hands of the liquidators.

The three share-block companies, Mabula Share Block, Mabula Time-sharing Share Block and Modjadji Camp Share Block, claim they have 3 000 unbonded hectares and control of their own money. A levy was imposed recently to meet running expenses and to prevent the companies from going into deficit.

Mabula apparently ran into cash-flow problems because of an unpaid debt of R600 000 to a building contractor.

Mr Joubert says the provisional liquidation he applied for as developer was the only way to prevent a takeover. It was done in the interest of shareholders.

Mr Joubert says that although he will never again own Mabula, he would like to complete it.

"It is a loss-of-face situation. If we fail it relates back to us. My father and I built Mabula with our money — it was our life."

Minimal increase in revenue hits hotels

BDay 7/5/91 (288)

GERALD REILLY

TRADING revenue in the hotel industry increased by just 1,7% to R360,4m in the first two months of the year, compared with January and February last year.

Five star hotels were particularly hard hit by a drop in patronage, while on a regional basis the PWV and Cape Peninsula lost business.

Central Statistical Service (CSS) figures show income from rooms increased by 4,6% to R137,3m and income from catering by 1,7% to R72,4m.

Bar sales also rose marginally by 3,4% to R64,4m. However, off-sales income was down by 4,9% to R70,341m.

Room occupancy rates also dropped by 12,6% to 48,3% and the number of bed nights sold decreased by 12,1% to 1 685 157. Bed occupancy rates fell by 14,1% to 34,9%.

Sixteen of the 21 tourist regions recorded decreases in room occupancy rates. The largest decreases in room and bed occupancy were in the Witwatersrand (25,1%) and Vaal Triangle (28,4%).

Room occupancy rates also dropped sharply in East London (28,3%) and in Port Elizabeth-Uitenhage (25,5%).

In 13 of the 21 regions, income increased. Pietermaritzburg's was up by 32,5%, the Natal South Coast by 24,9% and Bloemfontein by 22,3%.

Fedhasa executive director Peter Hearfield said the figures showed that less expensive hotels were back in favour and that hotels were generally fighting a losing battle against inflation.

The PWV's sensitivity to the business slowdown was highlighted by its 25% drop in occupancy rates.

This area's hotel industry was particularly sensitive because of its reliance on business custom.

"In tight times, expense accounts are tightened up and travel generally is curtailed impacting directly on the fortunes of the hotel industry," Hearfield said in a statement.

Ground

"Ironically, promotion marketing and getting out to the market place is the only way to generate business in tough times and right now, during the traditional lull between Easter and the mid-year holidays, hotels are offering excellent value for businessmen and travellers."

Five star hotels showed the biggest decrease of 26% and 19,4% in room and bed occupancy rates respectively, probably reflecting the aftermath of the Gulf war on incoming tourism.

Five star figures could be expected to start improving, but it would take a year to 18 months to regain ground lost as a result of the war.

Room occupancies in the Cape Peninsula plummeted by 20% in February.

Tourism is worth R9bn a year, new research shows

B Day 7/5/91

MARCIA KLEIN (288)

TOURISM in SA is worth R9bn a year, and not R5bn as is commonly believed, research by Xcel Corporate & Management Services shows.

Results of Xcel's research also show that SA's share of world tourism is less than 1% and "dropping all the time", and foreign tourism generates only 16% of total tourist revenue. "Local tourism pays," Xcel researcher Brian Pivo says.

Latest Central Statistical Service figures show just over 1-million visitors arrived in SA in 1990.

Pivo says the number of international tourists to SA grew at an average of 19% a year between 1958 and 1975, but sharp declines in 1976, 1982 and 1986 resulted in average growth between 1975 and 1989 of only 1,14%. However, from 1986 to 1989, growth was back to 17%.

Xcel says SA tourism earns about R1,5bn in foreign exchange, with total tourism spending in SA about R9bn. Pivo says if politics had not held the industry behind, these figures might have been R15bn and R22,5bn respectively, making tourism a bigger industry than gold.

"The cost of political unrest to SA tourism is enormous," he says, and at one new job per 11 new tourists, opportunities would have been created for 400 000 jobs.

Timeshare venture may be salvaged

Star 8/5/91

By June Bearzi
Star Line

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Timeshare investors in the collapsed Cape Share and Sudwala Lodge ventures have been asked to attend a meeting on May 14 to discuss the salvaging of the scheme.

The project, which was aggressively marketed by US businessman Frank Pennington, ran into trouble recently when police launched a probe and certain creditors brought Supreme Court actions to recover money sunk into the timeshare development.

Hard blows

Two weeks ago, Star Line reported on the folding of the operation, in which more than 2 000 timeshare buyers had sunk their cash.

This was one of a series of hard blows to the image of the timeshare industry.

According to Bruce Ravenhill, chairman of the newly formed timeshare watchdog body, Timeshare Institute of South Africa (Tisa), Sudwala and Cape Share were not Tisa members. But as representatives of the entire industry, Tisa would do everything to assist the public.

"Our role at the meeting will be one of facilitator and to make sure the interests of purchasers are represented."

Tisa had negotiated an arrangement with the consortium of banks involved to finance further development costs in the form of loans to existing owners which could lead to the completion of the 45 Sudwala chalets and most of the facilities.

Mr Ravenhill added: "It is important that shareholders attend this meeting as it could mean the difference between saving the investment or seeing it put into liquidation and facing the possibility of losing their investment."

The meeting will be held at 10 am on Tuesday at the Old Edwardian Society, 11th Avenue, Houghton, Johannesburg.

TIMESHARE

MABULA HORNS LOCK

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FM 10/5/91.

The Mabula timeshare liquidation saga has taken a bizarre twist with the former developer now claiming he acted in the interests of unit owners by applying for sequestration. He says his action blocked a hostile takeover which would have resulted in Mabula's "over-commercialisation."

But instead of recognition for his efforts, developer Willie Joubert now finds himself cast as a villain. And in an effort to vindicate himself he has written a strongly worded letter to Mabula's 3 000 timeshare owners explaining "his side of the story."

He also questions the desirability of proposals made by the joint management committee now running the three share block timeshare operations.

The letter has understandably elicited a strong rebuttal from share block companies chairman Norman Moul. He describes it as divisive and aimed at casting doubt on the integrity and hard work of directors who are bent on saving Mabula. He adds that because of the lack of information from the developers, the share block directors have been granted rights to an investigation in terms of the Companies Act into the affairs of the liquidated companies.

In spite of this Moul stresses that he has no desire to enter a verbal war with Joubert because it will serve only to confuse shareholders.

Joubert's actions follow the Rand Supreme Court order which made final the liquidation of the Mabula resort's principal development companies, Mabula Investments (Pty), Mabula Developments (Pty) and Mabula Holdings (Pty). They were provisionally sequestrated on February 6.

Liquidators Kaapvaal are still in the process of disposing of the assets. And while they refuse to comment on proceedings (as they have from the start), it is understood that about half a dozen buyers, including the timeshare owners themselves, Southern Sun Timeshare, Rand Consolidated Properties, Gerald Lubner, and Hans Harry (also involved in nearby San Bonani), have since the sequestration shown an interest in the scheme. Negotiations for an acceptable arrangement are now in progress between potential investors and the share block companies.

Joubert, who headed the Mabula development and management companies prior to the liquidation, says his family's primary reason for involving itself in Mabula was nature conservation, not financial gain. While he concedes that the management of the resort was not perfect he denies that it was as badly run as many people now suggest.

His open letter to timeshare owners states: "I was very disappointed by recent actions taken and certain allegations made." Furthermore, though he no longer has a vested interest in Mabula, he believes possible mishandling of affairs could further jeopardise the facility. He cites:

☐ An invitation to an hotel group to consider buying Mabula Lodge (the hotel section of the resort);

☐ The deliberate intention not to complete the development;

☐ Plans to run the lodge as a private club; and

☐ Plans to sell Lake Kyle, an integral part of the Mabula properties, for cattle farming.

These proposals, he claims, don't make economic sense. Instead of achieving a return, owners could again be asked to bail out Mabula.

He now plans to force a meeting of timesharers to consider options not considered by the share block directors.

"The prospectus given shareholders is inaccurate and misleading," says Joubert. "It appears the directors either haven't done their homework or they aren't disclosing everything."

Because of this he urges timesharers to satisfy themselves over issues such as guarantees being made to lending institutions, the future of the lodge (a profit centre), the share block companies' ability to service the interest (about R15 000 a month) on loans, and its ability to find managers with the expertise to run an establishment like Mabula.

But the priority, he says (both parties agree on this at least), is to find a developer and investor with the timesharers' interests at heart who understands the project and is prepared to complete it while sticking to environmentally desirable densities.

He has been trying to do this since the sequestration.

Share block chairman Moul in turn questions Joubert's bona fides and justifies actions taken by the share block directors. "We stand by our record and Joubert should stand by his."

He points to an ulterior motive behind Joubert's opposition to hiving off Lake Kyle. "Though it is ecologically unsuitable for game and well away from the Mabula centre, it was recently discovered that Joubert has obtained resort rights for 300 units accommodating about 1 000 people. These people could have traversing rights over Mabula." Joubert says the share block have known all along of his plans for Lake Kyle.

The need for timesharers to participate voluntarily in buying Mabula assets arose because it was found that game and servitude agreements which were thought to be cast iron could be "set aside." A stake in the reserve would give timesharers more leverage.

Of plans for the lodge he says R2m needs to be spent on adding sufficient rooms to turn a profit from what is now a loss centre. He defends decisions preventing the completion of certain timeshare units until certain conditions had been met and guarantees provided. "Joubert," he says, "made a proposal which we did not find very attractive." ■

LAST GASP?

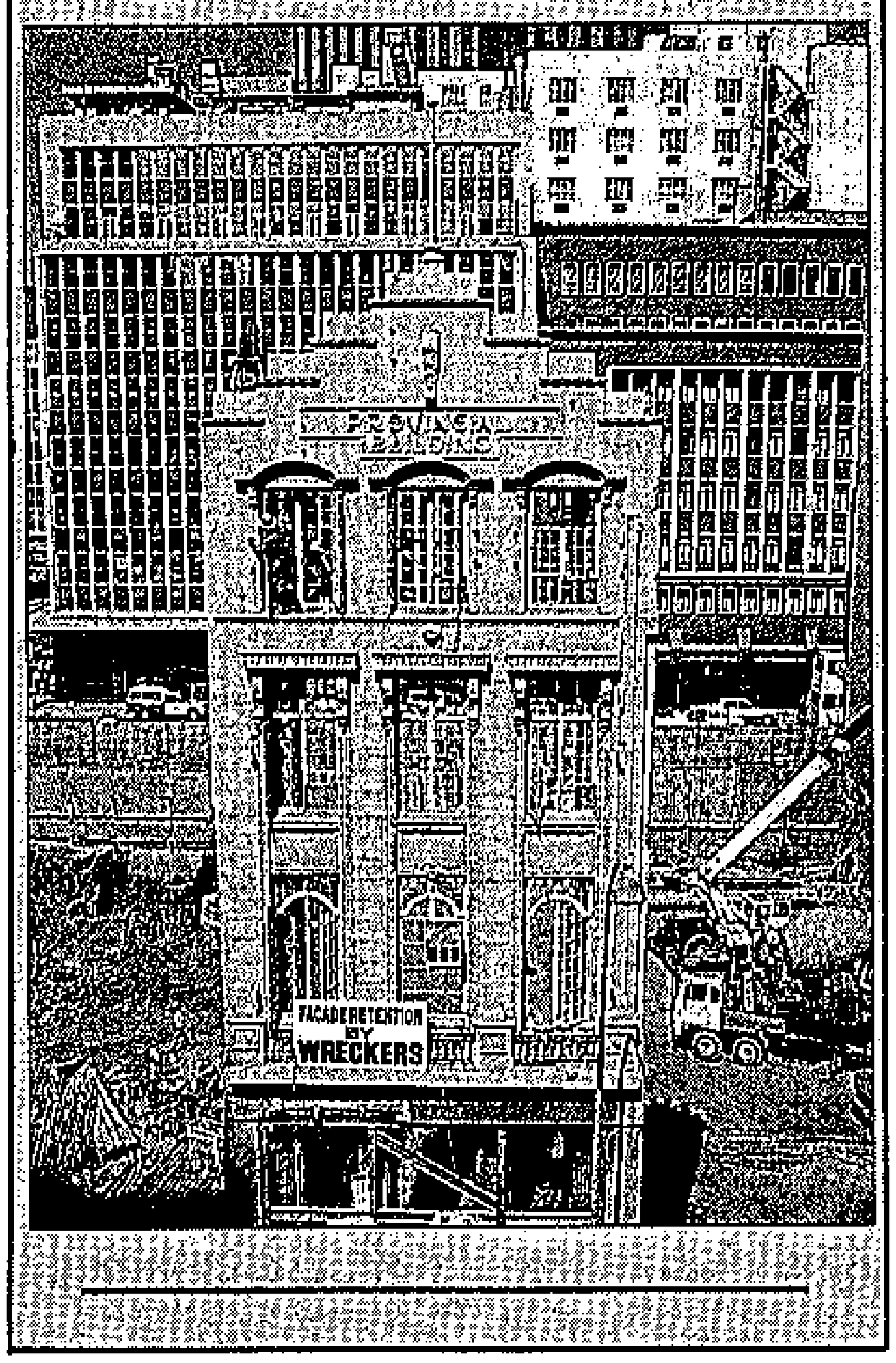
More like a bomb site in a war zone than the location of a plush office redevelopment in downtown Johannesburg . . . all that remains of Provincial House, built in 1926, is this rather fragile forlorn facade (see photograph).

It is the sole survivor of several old buildings that are making way for Old Mutual Properties' Surrey House Development in the CBD on a site bounded by Fox, Commissioner and Rissik streets.

The facade has been retained because of its architectural significance based on rare French influence.

The desolation of the structure raises the question of whether it will be swallowed up and lost in OMP's R25m eight-storey office block scheduled for completion in September 1992.

Architect Portal Partnership says it has gone to great pains to design a three-storey podium which will highlight features of the old wall.



No Luyt shares for NTA

By LULAMA LUTI

City Press 12/5/91

(288)

THE National Taverners' Association (NTA) has dismissed press reports that the association would buy shares in former Transvaal rugby boss Dr Louis Luyt's new brewery.

In a statement to *City Press*, the NTA executive committee also warned members not to enter into any share purchase negotiations on behalf of the organisation.

"Those faceless people negotiating on our behalf are unknown to us, nor are they members of the association. And we urge our members not to work independently when approached on such matters," the statement said.

The association appealed to members ~~to contact~~ them when seeking to establish a brewery and warned against buying shares offered through the media to this effect.

"We have no dealing with anybody on those lines and we shall not be derailed from our intention to uplift the standard of the black taverners and shebeeners."

The organisation said it was exploring the possibility of brewing "white man's beer".

It also appealed to members who bought shares in the NTA to bring their shares certificates for re-imbursement. The association sold R147 000 worth of shares to members and shebeeners last year.

No-frills holidays the answer

ST Times (Bus Times) 12/5/91 288

Business Times Reporter

SOUTH AFRICA needs more cheap, clean, overnight accommodation for a new breed of holidaymaker.

This is one of the conclusions of a survey of the tourism industry by Pretoria-based Xcel Corporate & Management Services.

"Many white families can no longer afford to stay in conventional hotels," says Excel consultant Brian Pivo. "More and more blacks can think of having holidays away from home.

"As whites become relatively poorer and blacks richer there is a growing need for no-frills accommodation for families."

Such establishments could be private houses providing bed and breakfast or American-type motels offering bedroom and bathroom only with no food or other services.

But legislation forbids room-to-let signs outside private houses and it restricts motels because they have to meet the hotel star-grading system. The grading system has forced many otherwise suitable hotels to close or depend solely on liquor sales.

Mr Pivo says the Excel survey found that total revenue earned by SA's "informal" accommodation in private houses is less than that earned by the Johannesburg Sun Hotel.

In a report published last year the Board of Trade and Industry (BTI) said the lack of cheaper accommodation was inhibiting tourism. It recommended a review of restrictive regulations and that the grading system be phased out.

Mr Pivo says the Excel survey found that tourism in SA is worth more than R9-billion a year. But tourism authorities put the figure at only R5-billion a year.

The difference may be because Excel defines items such as all retail purchases by holidaymakers and business travellers as tourism expenditure.

The survey found that foreign visitors account for only 16%, or about R1,5-billion, of total tourism revenue. The biggest sector of the market is made up of SA business travellers.

Tourism expenditure is highest in Pretoria and the Witwatersrand, largely because of business travel.

Transport, including airfares, accounts for 41% of expenditure on tourism, food 32%, accommodation 17%, entertainment 7% and incidentals 3%.

Mr Pivo says the Excel survey cost R300 000 and contains information supplied by 5 000 operators in tourism.

MEDIA SPOT

Hard sell hurting timeshare industry

B'Day 14/5/91 (288)

Reports by
MARCIA KLEIN

HARD-sell marketing techniques used by some players in the time-share industry do not work and are bad for the industry's image, says Ovland Timesharing MD Bruce Manson.

With a number of timeshare developments — including Mabula and Sudwala Lodge — finding themselves in financial difficulties recently, marketing techniques in the industry have become particularly relevant.

Credibility in the industry, in which more than 100 000 people own time-share slots with a total investment of R1bn, has become an important factor for marketing timeshare.

Manson says timeshare operators using unscrupulous hard-sell methods will soon fall out of the industry.

"The market has become a lot more sophisticated and buyers are looking at a marketing group's credibility and track record before buying into a project".

With a slowdown in the economy and some companies finding themselves in financial difficulty, this year could be one of consolidation in the industry, and "many of the small-time operators who do not have credibility will be forced out of the market, or merge with some of the bigger groups".

Masterleisure marketing and training director Geoff Johnson says there is nothing wrong with inviting prosepective clients to come in and see what was being offered. However, the problem arises from "devious invitations luring customers by saying they have won a prize".

He says timeshare is "a product which does not need to be sold in a hard or devious way".

"We believe we must bring the product to the market and not force it onto the market," he says. This meant communicating with clients by using conventional marketing methods.

An industry source says there are a number of unethical marketers, and marketing in the industry needs to be cleaned up.

The consumer was becoming more aware of the underhand tactics used, including gift incentive programmes, and was avoiding timeshare calls.

In future, timeshare developers and marketers will have to look for more creative ways of marketing their products following avoidance by the consumer of current tactics, and marketing will probably tend towards above the line advertising.

Overkill 'retards SA advertising'

OVERKILL is a major contributing factor to the lack of growth in advertising in SA, says UCT graduate School of Business professor of marketing Leyland Pitt.

Consumers are "hit by thousands of marketing messages every day", and marketers are squeezing as many voices as they can into the space allocated to them, he says.

Consumers are fed up with the "overkill approach of advertising which is likely to become an obsolete form of marketing in the 1990s".

The fact that there had been no real growth in advertising in SA during the last 10 years was not because of the recession or political changes, "but simply because astute marketers and managers are seeing advertising has not fulfilled its promise".

TV ads were shorter and the number of commercials had increased, leading to a smaller impact.

Consumers today "simply cannot remember which advert promotes which product, and also what qualities differentiate one product from another".

Pitt feels that in the 1990s government will be much more heavy-handed on advertising.

Marketing will be technology driven and, considering the wide range of choice, brand loyalty is likely to diminish. The relationship that marketing fosters with the customer will be the key to product survival, he says.

Drop-Inn Group loses R1m in thefts

LINDA ENSOR

CAPE TOWN — Thefts, which could total nearly R1m, have been discovered at Cape-based liquor retailer Drop-Inn Group Holdings which yesterday reported a 3,5% drop in earnings a share to 26,12c (27,06c) for the year to end-February.

Profits for the 1990 financial year have been adjusted by R746 000 to take account of the thefts, but this does not reflect the pilferings which occurred subsequently.

MD Jonathan Miles said the SAP Commercial Branch and independent auditors had been called in to investigate. He said stock values had been misrepresented and stock shortages covered up to conceal the thefts.

It was only when cash flow did not meet expectations that the misappropriations, which went back to 1989, were discovered.

Items shown as prepaid expenses at the February 1990 year-end were found to be expenses for that financial year.

Miles said management was trying to recover the loss but the 1991 figures were presented on the basis that no losses would be recovered.

Drop-Inn increased turnover by 24,6% to R153,8m (R123,2m) in the year to end-February with its Cape stores performing well. However, the trend for consumers to trade down and the shift in buying power to blacks resulted in thinner margins.

Miles said the product mix had moved towards beer and lower priced goods with smaller margins. The operating margin

☐ To Page 2

Drop-Inn

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☐ From Page 1

slipped to 3,5% (4%) generating a 9,6% rise in operating profit to R5,4m (R4,9m).

A significantly higher tax rate of 48% (40%) due to fewer export concessions resulted in a 3,5% decline in after-tax income to R2,6m (R2,7m).

During the year Drop-Inn sold its property interests which generated an extraordinary profit of R2,67m. It also sold Benny Goldberg's which contributed only modestly to profits. The property interests contributed income for only nine months, reducing earnings by 2c compared with the previous year.

Miles said he did not envisage trading results of the current year would fall below those of 1991.

No final dividend was declared. The proceeds from the sale of the property interests were declared as a special dividend of 120c a share, adjusted for a consolidation of shares on a one-for-five basis.

Hotels decide this is year for upgrading, not building

(288)

BDay 16/5/91.

GERALD REILLY

PRETORIA — SA's depressed hotel industry has restricted capital expenditure this year to upgrading and refurbishing operations and no new hotels are planned by the major groups.

Fedhasa executive director Peter Heartfield said this was due mainly to the depressed economy and to some extent to the fact that expectations of increased foreign tourism had not materialised because of violence.

The industry was mainly dependent on the domestic market. Foreign tourism accounted for only 14% of room occupancy.

Heartfield said he believed the substantial spending on upgrading over the past two years would ensure standards were maintained for three or four years.

Suicidal

Protea Hotels executive chairman Otto Stehlik said the outlook for domestic tourism was also bleak.

However, Protea would spend about R12m on upgrading and refurbishing some of its 63 hotels this year.

"It would be suicidal, businesswise, to get involved in new costly hotel projects under current conditions, Stehlik said.

Room occupation levels were lower than 50% and could worsen in the off season.

However, Karos Hotel's Selwin Hurwitz said his group would spend about R13m, primarily on upgrading Sandton's Indaba hotel's 114 rooms, a further extention of 88 rooms and on additional conference facilities.

The group's programme, he said, included a major renovation of the Polana Hotel in Maputo at a cost of R30m. This should be completed by the end of the year.

Hurwitz said a R70m capex programme had been completed in January this year. Major projects included R14m spent on Karos Arthur's Seat hotel, R10 on the Karos Safari Hotel and R5m on the Karos Wilderness Hotel.

The local market was slow, but there was some hope of an improvement from August.

Southern Sun-Holiday Inn financial director Les Smith said a significant upturn in the industry this year was unlikely.

The volume of overseas vistors would be influenced by the depressed state of US and European economies and, more important, by unrest in SA.

However Southern Sun-Holiday Inns would spend up to R40m this year on upgrading the Elangani in Durban, the Elizabeth in Port Elizabeth and Holiday Inns at Sandton, Jan Smuts and Cape Town.

Registered hotels' net profits last year amounted to R95,5m — up by 4,4% on the previous year, according to the CSS.

HOTELS FM 17/5/91

TRADING DOWN

(288)

It's a market it has probably ignored for too long but Southern Sun's decision to enter the low end of the budget hotel sector has certainly been widely acclaimed.

Delano Caras, CE of hotel and tourism consultants Horwath Consulting, calls Southern Sun's joint venture with the French Accor group, to build and operate limited service Formule 1 hotels in Africa south of the equator, a bit of inspired thinking.

There has been a pronounced swing towards this type of accommodation, worldwide. Former Southern Sun executive Hans Enderle proved there was a gap in the SA market for no-frills accommodation when he founded the successful City Lodge chain several years ago.

To some extent, Southern Sun will be in direct competition with Enderle's establishments when it opens its first Formule 1 hotel east of Johannesburg at Christmas. The group also plans to concentrate its activities on major centres, but there's probably room enough in the market for both.

Says Southern Sun group MD Ron Stringfellow: "The number of people who can afford to stay in three- to five-star hotels is declining. The average occupancy of SA's hotels over the past 15 years was 55%. It dropped to 53% last year. The national average for the year to April (which includes the Gulf War and its affect on tourism) will probably be about 50%."

Continue →

BUSINESS & TECHNOLOGY (288)

FM 17/5/91

Hardly surprising, then, that the group is moving into the budget market. Most of its hotels are four- or five-star and its Holiday Inn chain is composed entirely of three-star establishments.

He says Southern Sun has not yet decided on what it will charge for Formule 1 accommodation but, since it's an ultra-budget group, it will be affordable.

He denies the new chain will siphon off business from Southern Sun or Holiday Inn hotels. They are not designed, he says, to appeal to executives but to people lower down in the corporate pecking order and to families with limited budgets.

"Rooms will have showers, no baths," he says. The only meal they will offer will be a limited breakfast. There will be a manager on duty around the clock but the reception will be manned only when needed, in the mornings, when people check out and towards evening when they check in. ■

New tourist plan crosses borders

ARC 20/5/91 (288)

From GRAHAM LINSCOTT

DURBAN. — An ambitious new tourism package that involves linking existing reserves in Northern Zululand and eventually Mozambique would create an unspoilt 8 000 square kilometre coastal belt of the continent's most intricate ecosystems.

The overall plan envisages state administered parks with nearby upmarket, privately owned reserves, offering a unique diversity of game and habitat, as well as a wide choice of wilderness accommodation.

And all will be within easy reach of the First World entry point of Durban.

At the same time a multinational company is investigating setting up a vast reserve at Marromeu, about 1 000km north of Maputo on the Zambesi delta, while controlled tourism has also been recommended for the Bazaruto archipelago off the Mozambique coast.

A study commissioned by the KwaZulu Bureau of Natural Resources has, meanwhile, recommended private sector tourist development in Maputaland, a vast wilderness area that includes Lake Sibaya and Kosi Bay.

The focus on tourism as a generator of regional prosperity and foreign exchange is expected to intensify later in the year when a White Paper is presented in Parliament. This follows an investigation by the South African Tourism Board and the Development Bank of Southern Africa.

The idea of transfrontier national parks was first mooted 15 years ago, but was shelved in the political and military upheaval of the 1970s. It is understood that it has very tentatively been taken up again.

In the words of Mr Naas Steenkamp, president of the Wildlife Society of Southern Africa: "The vision exists of a huge national park encompassing the existing game reserves of Mkuzi, Ndumu and Hluhluwe, as well as the great lakes and estuaries along the coast, and sweeping across our northern border with Mozambique. What is now an economically depressed area can be converted into one of the world's greatest tourist attractions and potentially a major source of income."

It is understood there are plans to consolidate Ndumu Game Reserve and Tembe Elephant Park (administered by the KwaZulu Bureau of Natural Resources) when the tribe occupying the territory between can be persuaded to relocate to an area where they will be provided with superior facilities.

The consolidated reserve just south of the border would then adjoin Maputo Elephant Reserve in Mozambique.

Also in Zululand, private interests have bought 7 500 hectares of game ranch linking Mkuze Game Reserve and the Sodwana State Forest, and negotiations are in progress to buy another 12 000 hectares.

The area is being restocked with big game and antelope, and low density upmarket lodges on the pattern of Mala Mala and Londolozi in the Eastern Transvaal are planned, as well as tented camps.

Eventually travel agents will be able to offer tourists holiday packages that combine First World comforts with a variety of Third World and wilderness experiences in a huge arc from Mozambique and Zululand to Durban and the Natal coast.

Tourism at present generates R3 billion a year from the domestic market and R2,1 billion in foreign exchange. The figures are expected to multiply in the next decade.

Picardi Liquors in restructuring drive

288 D Day 21/5/91

LINDA ENSOR

CAPE TOWN — Picardi Liquors, ~~now~~ owned by its executive management, has embarked on a restructuring campaign to rid the company of less profitable stores and expand its operating base.

Over the last year the liquor retailer has been turned around from its loss-making position and remodelled. Stores are being revamped and new outlets opened.

MD Jacques Kempen bought the remaining 50% stake in the chain from Union Wine this month. He said Picardi Liquors now had 51 outlets countrywide.

As a marketing strategy the company has decided to absorb the 10% increase in excise duty on spirits announced in the Budget for an indefinite period. Kempen says this will save consumers about 38c on a 750ml bottle of spirits and 2c on a 750ml bottle of fortified or sparkling wine.

Club Mykonos levy plan draws outcry

BDay 21/5/91

(288)

LINDA ENSOR

CAPE TOWN — An outcry over proposed levy increases erupted yesterday at a meeting of Club Mykonos Share Block, developed by the Masterbond Group which operates a timeshare resort at Langebaan on the west coast.

The resort, consisting of about 230 units held under a variety of forms of property ownership, was developed for about R100m. Up till now the developers have subsidised the levies.

Technical irregularities meant the meeting, which was supposed to be an annual meeting, had to proceed as an informal discussion. A vote by shareholders was taken for representatives of the media to leave. A formal meeting will be held in about two months.

A source present at the meeting said one owner living permanently at the resort told shareholders he had bought a three-bedroomed duplex in February for R575 000 with a levy of R450 a month. He was now being asked to pay a levy of R3 600 a month with no explanation, and whichhe could not afford.

Other shareholders expressed "horror" at the proposed levy increases which differed according to the type of property ownership, the source said. Chairman Johan Brits confirmed that it was the company's intention to convert the resort to sectional title giving ownership of units to shareblock owners.

Shareholders apparently complained that audited financial statements for the years ended 28 February 1989 and 1990 were distributed only at the beginning of the meeting so that no-one had the opportunity to consider them.

SOWETAN Building the Nation
Focus on PROPERTY

Exotic Lost City a dream come true

Sowetan 23/5/91

By ALI MPHAKI

EXPERTS from the world's top architectural and interior design firms are involved in realising Southern Africa's biggest building project - the Lost City at Sun City in Bophuthatswana.

The Lost City is 26ha of exotic jungle threaded with the largest man-made waterscapes ever created and crowned by one of the world's most luxurious hotels. The project will cost R650 million.

American architect Gerald Allison who, with Sun City founder Sol Kerzner, conceptualised the Lost City, says the project was born when he and Kerzner stood in the dense bush in Bophuthatswana and dreamt that in just such a place the ruins of a lost civilisation might be found.

"We created a story in which a tribe migrated from the north and settled in this hidden valley to escape civilisation.

"In our myth we gave these people a palace surrounded by lakes and a lakeside city.

"Eventually the civilisation died and there were only a few people left in the area, enough to maintain the palace itself but not enough to keep the rest of the settlement going," he said.

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Workers

At its peak the Lost City will employ 4 000 building workers who between them will use 20 million bricks and 50 000 cubic metres of concrete.

They will landscape more than 20ha of virgin bush to create 19 000sq/m lakes and water features.

The Lost City project was undertaken by Sun International Bophuthatswana (Sunbop) to further entrench Sun City's position as the pre-eminent tourist attraction in Southern Africa.

When it is complete Kerzner says the number of visitors to Sun City will soar from 1,5 million to more than three million a year.

"It has always been my ambition to build the finest hotel in the world. The Palace is my dream come true," said Kerzner.

After the opening of Lost City in December 1992, Sun City's hotels will provide accomodation for some 3 000 people and convention and conference facilities for as many as 2 500 people or as few as 10.

To maintain high standards, staffing levels will be increased from 3 500 people to more than 5 000.

By the time the Lost City opens, access to Sun City from Johannesburg and the Reef will be improved, thanks to a new road which will cut travelling time by 30 minutes.

SOL KERZNER

Tourism revenue up to R2,47bn

BDay 24/5/91

LESLEY LAMBERT

CAPE TOWN — Foreign tourists brought a record R2,47bn into SA last year — 16% more than in 1989, according to the SA Tourism Board's (Satour) 1990 report.

Arrival figures from abroad totalled 1,02-million — a 10,6% increase over the total number recorded the previous year.

Of these, 51,4% came from African countries and 48,6% from overseas, the board reports.

Europe continued to be the main source of tourists to SA last year, with the UK and Germany heading the list. Arrival figures from the US and Canada increased by 2,2% and 11,9%, respectively, while arrivals from Asia increased by 15,4%.

Satour noted that the wave of tourism was strongest in the first four months of the year but declined as sporadic internal unrest, coupled with the Gulf war, discouraged foreign travel.

Efforts by Satour, in conjunction with the Development Bank of Southern Africa, to devise a strategic framework for tourism in South and southern Africa were expected to be finalised this year, the report said.

Several regional investigations into all aspects of travel in SA were launched last year and information had been collected from various related organisations.

"The important role played by tourism in the country's economy and SA's changing image abroad are significant factors to a new strategy for development," the report stated.

Work had also started on reformulating and consolidating legislation relating to tourism. A newly defined Act, incorporating the Tourist Corporation Act, the Hotels Act, the Tour Guides Act and the Tourism Board Act, would be tabled in Parliament as soon as possible.

Tourist boom will cost us poor locals a packet

Star 25/5/91

Greenpiece
288
JAMES CLARKE

ONCE the dust settles and people learn to walk around without cultural weapons we can expect a major tourist boom.

Good. But there's a small problem.

More and more prices are already being geared to overseas pockets. The rand, to visitors from abroad, is Monopoly money.

For example: An English friend who bought a house in Camps Bay on his Diners Club card said: "It was so cheap!"

Expect hotel prices to move up. Country hotels in the Eastern Transvaal already charge around R800 for two for a weekend.

A weekend in a bush lodge can cost up to R4 000.

Look at Kruger Park. Eight of us booked a wilderness trail (three nights in the bush). We had to pay a year in advance R2 088 (including tax). When we arrived we had to pay another R1 166 because the price had risen.

It is still worth it, I must confess. The new tariff, R360 a person, includes a comfortable bed in the four-hut camp, camp fire food a cook, and a game ranger who is an expert on the bush. But still, it's now out of range for most South Africans.

These trails are just beginning to attract the attention of overseas hikers, and they will be prepared to pay double if not more.

If the commercial side of Kruger Park goes over to private enterprise — a distinct possibility — the tariffs will be set at what the tourist market will bear.

Kruger Park's three-bed huts have gone from R74 a night to R95 ("for two persons or fewer").

Natal Parks Board has also put its prices up. Its luxury lodge at Tendele has jumped from R90 per person to R120 a night. Mind you, the place has a kitchen and a huge lounge with an incredible view.

I call it the Mala Mala syndrome. Mala Mala was the first to adjust its prices to the overseas market and, indeed, quotes only in US dollars.

Watch restaurant prices too. Crayfish will be selling at R60 a tail soon.

The fishing industry has been obliged by law to divert 10 percent of its crayfish catch to the local market even though it has been losing out on high export prices.

The Government, anxious to quit interfering with the free market system, now says the industry can charge what it likes.

It doesn't matter to me — I haven't been able to afford crayfish since 1987.

After-hours booze trade on the cards

Star 25/5/91.

POLITICAL STAFF

[redacted] 288

CAPE TOWN — Shopping hours for off-consumption liquor sales could be relaxed soon, the Government has hinted.

The Department of Trade and Industry's annual report for 1990 says the law is to be reviewed to keep pace with "modern-day requirements".

Various aspects of deregulation are to be dealt with in a draft Bill to be prepared for comment.

Jo'burg's oldest pub seeks new owner

Star 27/5/91.

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By Joe Openshaw

The Guildhall — Johannesburg's oldest bar, which was licensed in 1888 — is up for sale.

But prospective buyers will get much more than they bargained for. The all-male regulars at the street-level bar — some have been drinking there for more than 40 years — have imbued it with a timeless chauvinism which deters women, including one prospective buyer, from crossing the threshold.

Batwing doors

The batwing doors and pictures of old Johannesburg accentuate the links with the past.

"Things have changed outside, but nothing has changed in here," says Cyril Lawson, one of of a number who corner the one end of the bar.

"They have a way of showing interlopers they are not wanted," says owner's son Gavin McGuinness, who adds that whoever buys the Guildhall will have to take over the old-timers as well.

The Guildhall Bar and Eating House was first housed in a single-storey building overlooking a huge square which teemed with wagons and carts.

Later the bar and an upstairs restaurant were housed in Meischke's Building on the corner of Market and Harrison streets.

The original counter and ornate shelves have remained together.

When trams operated in Johannesburg and terminuses were situated around the City Hall and in front of the Johannesburg Library, the Guildhall was the watering hole of motormen and conductors.

Public house

Tramwaymen drank in the public bar, and a small private bar was set aside behind a heavy leather curtain.

The present Guildhall is owned by Mac McGuinness, and what is up for sale is the old Kruger liquor licence to operate a public house and restaurant.

"Only 12 licences of this sort were issued in South Africa. Holders were permitted to stay open seven days a week, 24 hours a day, without providing accommodation," says Gavin.

(288)

Bday 29/5/91

Slump in hotel industry

PRETORIA — The slump affecting SA's hotel industry continued in the first quarter of this year, Central Statistical Service figures showed yesterday.

Average room occupancy decreased by 11,5% and bed occupancy by 12,2%, compared with the first quarter of last year. All star gradings showed declines in room and bed occupancy rates.

Commenting on the figures, Fedhasa executive director Peter Hearfield said the industry appeared to have bottomed out, but recovery would be slow.

Hotel industry in its 'most critical state'

(288)

BDay 30/5/91

GERALD REILLY

PRETORIA — Some independent SA hotels were being pushed to the brink of bankruptcy by the depressed state of the tourism industry and a decline in domestic use of hotel facilities, Fedhasa executive director Peter Hearfield said yesterday.

He was commenting on CSS figures which show an 11,5% drop in room occupancy and a 12,2% decline in bed occupancy in the first quarter of this year.

Hearfield said the industry had not been in so critical a state before.

Business and conference travel had fallen dramatically, and leisure travel had also dropped off, while escalating labour costs were a "killing" factor.

Tourism was one of the most labour-intensive industries and estimates were that wages and salaries had risen by about 250% in the past four years.

"Under current conditions the best that can be hoped for is a break-even situation. Growth is out of the question," Hearfield said.

He said SA attracted more than a million foreign tourists last year, but this figure had to be analysed realistically.

More than 51% came from neighbouring African territories and states.

Also, a large percentage of foreign visitors stayed with relatives or friends.

This left just 250 000 "genuine" overseas tourists who spent foreign money and stayed in the better class hotels.

While tourism worldwide increased by 50% in the past decade, "real" foreign tourism to SA had declined by 4%.

This compared with the thriving East African tourism industry where 2,5-million foreign visitors were expected this year.

SA had as much and more to offer tourists, but the tourist flow was inhibited by unrest and violence and inadequate infrastructure.

Hearfield said facilities at Jan Smuts Airport needed to be upgraded, while Cape Town and Durban airports needed gateway status facilities.

Upgrading the blue train would also help.

COMPANIES

Dividends waived in bid to cut gearing

B/Day 30/5/91.

PETER GALLI

GROVEWALK Holdings waived dividends for the year to end-February because of uncertain economic conditions and attempts to further slash gearing, the property group disclosed yesterday.

It posted a R1,94m loss from a R3,8m profit in financial 1990, with an abnormal item of R1,4m for the write-off against stock held by its affordable housing division, which continued to trade at a loss.

Before taking the write-off into account, a loss of 4,1c a combined unit was reported (30,1c earnings in 1990). After the abnormal item, the loss was 14,7c a combined unit.

An extraordinary item of R2,1m and debenture interest of R594 000 took the retained loss to R4,6m. The extraordinary item represented losses incurred on discontinuation of divisions, disposal of subsidiaries, costs involved in an attempted takeover bid, and profits on the disposal of the JH Isaacs investment.

"The group has disposed of its interests in the Deter Security and Cobra groups for R1,55m, as well as its interest in Plantopia (Cape) for R308 000, which will enable management to concentrate on its core business," the company said.

While hotel and timeshare operations continued to trade unprofitably, a deal was concluded with Southern Sun Timeshare, whereby Grovewalk assumed control of The Palace in Durban and disposed of its 50% shareholding in The Breakers.

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The group also bought two blocks of flats, which should contribute to profitability during the next two years. Directors added that trading results since the year-end had been maintained in line with budget.

Hotels hold back Aroma Liquor

BDay 30/5/91

MARCIA KLEIN

CAPE-based Aroma Liquor Holdings' 38% decline in earnings to 3,7c (fiscal 1990: 6,0c) a share for the year to end-February was attributed mainly to poor performance by its hotel division, particularly during the last quarter.

The liquor retailer and hotel operator was hard hit by the effect of the recession on the hotel industry. Attributable earnings halved to R434 000 (R962 000) after taking into account an extraordinary item of R163 000, which referred to a loss on the sale of Aroma's interest in Liquor Barn.

Turnover figures were not stated, but showed a 5% increase on the previous year's. The full year dividend of 2,0c was 20% down on the 2,5c a share declared in financial 1990.

MD Mike Kovensky said the effect of the recession on the entertainment and on-consumption divisions of the Brackenfell Aroma Protea Inn was acutely felt.

This also extended to the accommodation and conference divisions, where sales dropped sharply.

2.88

Aroma did not generate the income which was necessary to offset the higher cost of funding extensions to the company's hotel property.

Kovensky said short-term prospects for the hotel division were unpredictable. However, the hotel division was in a position to take advantage of "the slightest improvement in the economy", and would prove to be a sound long-term investment.

The liquor division had performed comparitively well, mainly because of a positive response to its marketing campaign launched in 1990.

Three new liquor outlets were planned, and expansion remained a priority.

PRISONER OF CONSCIENCE

POLLSMOOR political prisoner Moyisile Douglas Tyutyu (56) has been exempted from the current hunger strike because of his age.

Tyutyu is from Port Elizabeth, and is serving a 25-year sentence for treason, terrorism, possession of arms, and presenting a false travel document, lawyers say. All his co-accused have been released.

LOCAL GOVERNMENT

TRANSVAAL administrator Danie Hough announced this week he was extending the life of 31 black local authorities by only two months, because it was possible joint local government administrations would be established.

HOUSING SHORTAGE

MINISTER of Planning, Provincial Affairs and National Housing Hernus Kriel said in parliament recently that the government aimed to provide shelter for all South Africans by the year 2 000. W/Mail 30/5-6/6/91.

He said there was a shortfall of an estimated 756 986 houses for blacks, excluding the "self-governing" territories, at the end of 1990. The provincial breakdown of the shortage was: Transvaal — 323 848 houses; Natal — 180 000; Orange Free State — 68 378; and the Cape province — 184 760.

TOURISM w/mail 30/5 - 6/6/91

FOREIGN tourists brought a record R2,47-billion into South Africa last year — 16 percent more than in 1989, according to the SA Tourism Board's 1990 report. 288

Arrivals totalled 1,02-million people — a 10,6 percent increase over the previous year. Of these, 51,4 percent came from African countries and 48,6 percent from abroad. The United Kingdom and Germany were the main sources of tourism.

PUPIL:TEACHER RATIOS

EDUCATION and Culture Minister Piet Clase told parliament recently that pupil:teacher ratios in the various education departments were as follows for 1989: House of Assembly — 1:17,6; House of Representatives — 1:23,5; Education and Training — 1:36,3; and "self-governing" territories — 1:41.

w/mail 30/5/91 - 6/6/91

TOURISM w/mail 30/5 – 6/6/91

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Local hotels 'on brink of bankruptcy'

(288)

CT 30/5/91

Own Correspondent

PRETORIA. — Some independent SA hotels were being pushed to the brink of bankruptcy by the depressed state of the tourism industry.

Fedhasa executive director Mr Peter Hearfield was commenting yesterday on CSS figures which show an 11,5% drop in room occupancy and a 12,2% decline in bed occupancy in the first quarter of this year.

Mr Hearfield said the industry had not been in so critical a state before.

Business and conference travel had fallen dramatically, and leisure travel had also dropped off, while escalating labour costs were a "killing" factor.

"Under current conditions the best that can be hoped for is a break-even situation. Growth is out of the question," Mr Hearfield said.

He said SA attracted more than a million foreign tourists last year, but this figure had to be analysed realistically.

More than 51% came from neighbouring African territories and states.

Also, a large percentage of foreign visitors stayed with relatives or friends.

This left just 250 000 "genuine" overseas tourists who spent foreign money and stayed in the better-class hotels.

While tourism worldwide increased by 50% in the past decade, "real" foreign tourism to SA had declined by 4%.

This compared with the thriving East African tourism industry where more than two million foreign visitors were expected this year.

Business Report

Short-term outlook bleak for hotels

(288) CT 30/5/91

By AUDREY D'ANGELO
Business Editor

AROMA LIQUOR HOLDINGS was hit badly by the recession, and by the fall-off in overseas tourism during the Gulf War, in the year to February 28.

Although turnover rose by 5% operating profit was 22% lower at R1,2m (R1,6m) and net income after tax fell by 38% to R597 000 (R962 000).

An extraordinary loss of R163 000 on the disposal of Aroma's interest in Liquor Barn brought attributable profit down to R434 000 (R962 000).

Earnings at share level fell to 3,7c (6c) and the dividend to 2c (5c).

MD Mike Kovensky said the hotel division "performed poorly in the past quarter of the financial year.

"The adverse impact of the sharp downturn in the economy on the entertainment and on-consumption divisions referred to in the interim report of November 1990 was felt more acutely.

"It also extended to the conference and entertainment divisions, where sales fell off sharply as a result of the general downturn in the economy and cancellations (of bookings from overseas) because of violence and the Gulf War."

Because of this, Kovensky said, "the income necessary to offset the higher cost of funding the extensions to the group's hotel property was not generated."

Three new outlets were opening this month and in June. "Expansion remains a high priority and the group continues to evaluate new opportunities on an ongoing basis."

Kovensky, a former national president of the Federated Hotel, Liquor and Catering Association (Fedhasa) said prospects for the hotel industry were not encouraging in the short term. SA needed a period of stability to attract more foreign tourists.

He agreed with Protea Hotels chairman Otto Stehlik, who said at the weekend that Satour's claim that 1 020 000 foreign tourists visited SA last year was misleading.

Many of these people were not tourists but were here on business or visiting relatives. The figure included residents of neighbouring countries coming across the border to shop.

"We need more tourists from Britain and Europe," said Kovensky. "That will be our main market in the future."

He thought increased competition between airlines would improve the situation. "We shall see many more packages encouraging people to come here."

And the Indaba travel show held in Cape Town last month had resulted in a great business being written for next year. "There is no question that will give the hotel industry a shot in the arm next year."

NATAL PARKS BOARD (288)

LUXURY PLANS

FM 31/5/91

The Natal Parks Board confirmed this week that it plans to build a R17,5m luxury camp that will accommodate 220 people in the Hluhluwe reserve in northern Zululand.

This decision must please the Board of Trade & Industry, which, in its report on the tourism industry published last September, suggested that more commercial use be made of SA's game parks, in part to relieve the pressure on Kruger. The board, however, suggested that private enterprise run the camps.

The new camp, which will not be as big as the recently opened Itala Camp, will be built on the site of the existing Hilltop Camp. Hilltop is the oldest game reserve camp in SA and one of the oldest in Africa. Martin Schofield, Parks Board chief conservator for Zululand, says plans call for going to tender in September and opening the camp to tourists by September 1993.

It will have a viewing veranda, a restaurant and swimming pool. Accommodation will consist of three- and five-bed single-storey chalets; five-bed double-storey chalets, cottages, "and 20 upmarket beds close to the restaurant for foreign tourists."

Schofield doubts whether the new development will harm the hotels in the area. In fact, one upmarket hotel nearby, the Bushland Game Lodge, is now doubling its accommodation to 16 units.

Schofield says the decision to build the luxury camp was taken because the lack of accommodation — the present camp can handle only 64 visitors — was forcing tourists to go elsewhere. ■

Mr D H M GIBSON: Mr Speaker, the DP is committed to the formation of a broad centrist alliance of moderates to rule South Africa.

We believe that anything which advances the peace process must be encouraged and that anything that retards that process must be eliminated. The looming crisis relating to prisoners and hunger-strikers must be resolved, and we have to resolve it now. It has the potential to cause harm to the reputation of the Government as a reliable and steadfast negotiating partner. It has the potential to blacken the name of our country in the eyes of the international community. It also has the potential to paint the ANC as being unreasonable about demanding the release of some persons who have committed repulsive crimes. Most seriously, it has the potential to create new martyrs and, God knows, we do not need new martyrs in South Africa.

Surely the solution lies in the full disclosure of information by both sides. If the Pretoria Minute is capable of differing interpretations, the hon the State President and Mr Mandela must negotiate a new arrangement containing specifics about categories and individuals who will be released and those who cannot be released. If the Government has dragged its feet in terms of the accusation, the ANC must provide lists and precise details and not indulge in generalised accusations. The Government must then be called upon to reply to those aspects, point by point.

If the ANC demands that murderers, rapists and robbers be included in the release, they must state which individuals deserve release and those who should not be, people they concede cannot be included in the release. Only by letting the harsh light of truth and fact into the picture will sensible, intelligent and balanced South Africans be able to reach an informed conclusion. At the moment those people cannot do so. [Time expired.]

Mr D J DALLING: Mr Speaker, firstly I want to say that I really do not think the hon the Minister should attack the attorneys involved in this House. If they are doing something which he feels is totally incorrect, he should say it outside the House. He should make these accusations outside. This is the first point I wish to raise.

Secondly, we have 86 people—and there does not seem to be a dispute on that at this moment—who are not taking their food, some of whom have not taken their food for 35 days and more. Some of these people's lives are in danger. These people would not have entered on a hunger strike unless they felt very strongly about the cases which they have presented.

I am not asking the Government to release people who are criminals and who have no right to be released, but I am asking them to take every single step to ensure that the cases of the people whose lives are in danger are dealt with expeditiously and properly, in both the letter and the spirit of the Pretoria Minute.

The delays which have occurred and which have given rise to these hunger strikes must not be allowed to derail a process which is critical to the transition of South Africa to a real democracy. They must be dealt with urgently, firmly and, as my hon colleague has said, openly.

The MINISTER OF JUSTICE: Mr Speaker, to date—and I am not levelling any accusations at the ANC—I have received no list from the ANC themselves saying this is their list of people that they think they do not agree with. They have only associated themselves with the list submitted by the Human Rights Commission, nothing beyond that.

That list contained 1 200 names. We have identified about 900, and we have processed them all, but we are talking about many people who submitted applications after 30 April, many people! They went on the hunger strike even before submitting the applications. Of course we realise this is a sensitive matter, but there is no difference if the hon member does not ask of me and of the Government to release people who have committed serious crimes. He does not ask me to do that, and that is what we are talking about.

I invite the hon member to come and have a look at a sample of all the categories, which have been sent to judges for advice, of people who have been refused and of people who are on hunger strike. I checked this morning, for instance—and I am checking daily—and found that all the hunger strikers awaiting trial, except one, are charged with murder. The other one is charged with robbery.

We are talking about serious crimes. We are talking about a dispute we have to face, and we have provided the mechanism with which to sort this out.

There is no delay in this. In the end we should have a credible criminal justice system. We are moving towards a "rechtstaat", in other words towards a constitutional state or a rule of law. If we were simply to forego the punishment of crime and the protection of the society, we would not succeed in arriving at the "rechtstaat" or at a just society at the end of this exercise. [Interjections.] [Time expired.]

Debate concluded.

QUESTIONS

†Indicates translated version.

For oral reply:

General Affairs:

Question standing over from Tuesday, 28 May 1991:

SAP: raids on gambling clubs

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*7. Mr P G SOAL asked the Minister of Law and Order:

(1) Whether, on or about 8 May 1991, the South African Police were involved in raids on gambling clubs in (a) the Johannesburg area and (b) other areas within South Africa; if so, (i) how many members of the South African Police were involved in this operation and (ii) in what areas were these raids carried out;

(2) whether the Police were assisted by individuals from any organization which operates hotel casinos outside the borders of the Republic; if so, (a) why and (b) what is the name of the organization in question?

B1046E

The MINISTER OF LAW AND ORDER:

(1) (a) and (b) Yes.

(i) 182 members.

(ii) Johannesburg, the Vaal Triangle and Durban.

(2) Yes.

(a) An organization was approached with the aim of furnishing evidence in court, to render expert assistance in the identification of modern and unfamiliar gambling machines and methods.

(b) Sun International.

I wish to give hon members the assurance that the involvement of the organization during the operations by the South African Police did not arise from a "vendetta" against ex-employees, as alleged in some newspapers. The organization's involvement was directed solely at rendering expert assistance to the Police.

From information at the Police's disposal it appears that gambling, among which games such as "Black Jack, Roulette, Poker" and games with electronic gambling machines (poker type), etcetera has increased tremendously in magnitude in South Africa over the past three years. Numerous complaints were received by the South African Police from the public regarding the total financial ruination of families, as well as social and moral decline as a result of the illegal supply of, inter alia, liquor at gambling premises. These premises are, with single exceptions, fitted out for gambling purposes and illegal supply of liquor.

The running of such gambling premises also holds major economic disadvantages for the State in respect of tax evasion. Such businesses are managed without proper control being exercised over inomne and expenditure.

I would like to draw it to the attention of hon members that it is accepted international custom to act against illegal gambling practices and associated offences. The recent operation by the South African Police is thus not unique and is in keeping with international practices to combat this evil.

In neighbouring countries gambling is legal, but is conducted on a strictly

Hansard

controlled basis in accordance with legislation. Citizens of South Africa who turn to those countries to exercise this practice there, can thus not be prosecuted under South African law.

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Mr P G SOAL: Mr speaker, arising from the reply of the hon the Minister I want to ask him a question. Taking into account his statement that there is a desire for gambling and that while this gambling is taking place liquor is consumed and taxes evaded, would it not be desirable to consider licensing gambling in South Africa so that the people who want to gamble may do so?

The MINISTER: Mr Speaker, I think this matter was discussed in this House on a previous occasion by my colleague the hon the Minister of Justice and some other hon colleagues. This is a matter that is being considered at the moment.

Mr A J LEON: Mr Speaker, further arising from the reply of the hon the Minister, would he not acknowledge that this gambling raid on casinos took place three days after his own debate in the Other Place where he gave an assurance to Parliament and to South Africa that the SA Police would be reorganising their priorities to concentrate on the combating of serious crime, and can he satisfactorily explain why 182 policemen were involved, in some cases for up to six months, in planning and executing a raid of this kind when there are robbers and murderers running around in the streets undetected?

The MINISTER: Mr Speaker, as I have explained to the hon member and to the House, we regard this as a serious crime, and that is why we did our duty. That is all we did.

New questions:

Old-age homes/subsidies: disparities

*1. Mrs C H CHARLEWOOD asked the Minister of National Health:

(1) Whether, in view of the ongoing repeal of discriminatory legislation, she will disclose why there is still considerable disparity in the (a) subsidies paid in respect of, and (b) number of subsidised, old-age homes for the different population groups; if not, why not; if so, what are the reasons, in each case;

(2) whether she intends taking steps to desegregate old-age homes and abolish disparities in the subsidies paid in respect of the different population groups; if not, why not; if so, (a) what steps and (b) when?

B1066E

†The MINISTER OF NATIONAL HEALTH:

(1) (a) The subsidy amount is determined on the running cost of a particular group of homes for the aged. In this connection affordable social security is continuously considered and a sliding scale on actual expenditure is now being considered and

(b) the need for homes for the aged is determined by communities themselves and belong to private enterprises. The State has limited control over the extent of the provision. The construction of homes for the aged is no longer considered the only effective care-aid action. The attendant's allowance for the care in the community of a aged person in receipt of a social grant is already the same for all population groups;

(2) no, almost all the homes for the aged are in the possession of private welfare organisations and the State is therefore not endowed with the power to prescribe to them who should be admitted. It should, however, be borne in mind that the homes are established on the specific need in a given community. It has already been decided that, as funds become available, commensurable services will be subsidised on a comparable basis.

†Dr W J SNYMAN: Mr Speaker, arising out of the hon the Minister's reply, she said that the admittance requirements were in the hands of private organisations. Now I just want to ask—there are four fully State-controlled homes for the elderly—whether the State, in the cases in which it determines the admittance requirements, intends opening up those facilities to all.

†The MINISTER: Mr Speaker, the hon the Minister of Welfare, Housing and Work answered this question in full during his reply to a previous question put by hon members. [Interjections.]

Expansion of SAP

*2. Mr P G SOAL asked the Minister of Law and Order:

Hansard

Whether he made a statement on or about 11 December 1990 that he wished to expand the South African Police Force by approximately 10 000 members by 30 June 1991; if so, (a) how many policemen have been recruited to the Police Force since that date, (b) how many are still in training and (c) in respect of what date is this information furnished?

B1072E

The MINISTER OF LAW AND ORDER:

Yes.

(a) 11 920 (Inclusive of Municipal Police, Police Assistants and National Servicemen).

(b) 9 222.

4 408 members, which includes members of the Municipal Police and Police Assistants, are receiving training.

4 814 members are being employed, pending their training, at police stations and offices.

(c) For the period 1 December 1990 until 22 May 1991.

Note: After the number of members who have left the Force due to, *inter alia*, superannuation, discharges and conclusion of national service are accounted for, the expansion of the Force still shows a gain of 10 417 members during the specified period.

Mr P G SOAL: Mr Speaker, arising out of the reply of the hon the Minister, may I compliment him on his reply and say how pleased I am that the size of the SA Police Force is going to be increased to this extent. However, I want to ask him whether he will give an undertaking that, to the best of his ability, he will employ as many of these people as possible as "bobbies on the beat". [Interjections.]

The MINISTER: Mr Speaker, I will gladly give this assurance, because I also believe in this. [Interjections.]

†Mr P W COETZER: Mr Speaker, further arising out of the hon the Minister's reply and particularly in the light of the request of the hon member for Johannesburg-North just now, I wish to ask the hon the Minister whether he is aware of a so-called Operation Strong Arm of the CP which is specifically aimed at intimidating people and whether he is aware that, in line with this . . .

†The SPEAKER: Order! Unfortunately it has nothing to do with the Question now before this House. [Interjections.]

Vaal River: water fern

*3. Adv J R DE VILLE asked the Minister of Water Affairs and Forestry:†

(1) Whether the water fern (*Azolla filiculoides*) occurs in the Vaal River at Standerton; if so, (a) to what extent and (b) what dangers does it present to the Vaal River system;

(2) whether any steps are being taken or are to be taken to control the occurrence of this fern; if not, why not; if so, (a) what steps and (b) when?

B1074E

†The MINISTER OF WATER AFFAIRS AND FORESTRY:

(1) Yes, at times.

(a) & (b) The extent and occurrence varies and thusfar it has not created any danger in the Vaal River system. The occurrence of the water ferm is, nevertheless, continuously monitored.

(2) No, not at the moment, as it is Departmental policy to take steps only when Government water works are endangered —which is not the case at present. The ferns die in winter and the normal wave and flow action results in the disintegration and subsequent destruction of the ferms. In the meantime research into biological control is being undertaken with the view to the application thereof, should its application be successful and Departmental action is justified. Individual riparian owners can undertake the eradication of water plants themselves, if such plants are a nuisance to them. The Department is willing to provide, on application, interested parties with advice and information.

N-W Tvl: national park

*4. Mr R J LORIMER asked the Minister of Environment Affairs:

(1) Whether any investigation has taken place in regard to the feasibility of estab-

Vlok admits casino group helped in raids

6 Day 5/6/91 (288)

Political Staff

CAPE TOWN — Sun International employees assisted police in raids on illegal gambling clubs in Johannesburg, Durban and the Vaal Triangle, Law and Order Minister Adriaan Vlok disclosed yesterday.

About 180 police were involved in last month's raids, which netted R750 000 in gambling equipment. Club employees and patrons were arrested and more than 90 people were released after paying R100 admission of guilt fines.

Vlok was replying to a question in Parliament by DP MP Peter Soal, who described the casino group's involvement as "sinister and highly undesirable".

Vlok said Sun International had been approached to "furnish evidence in court, to render expert assistance in the indentification of modern and unfamiliar gambling machines and methods".

The Minister said he wished to give the assurance that the involvement of Sun International during the operation "did not arise from a vendetta against ex-employees" as had been alleged.

Vlok said numerous complaints had been received by police about "financial ruination" through illegal gambling.

Soal said an organisation with gambling interests in neighbouring states being involved in raids created the "impression that they are protecting their interests".

JONATHON REES reports that Sun International MD Ken Rosevear said yesterday this was not the first time the group had assisted the police in this way.

Illegal gambling operators did not pay taxes or establish any tourist infrastructure so could not be allowed to continue, Rosevear said.

Bid for UK tourists

288 11/6/91

Own Correspondent

LONDON. — Satour has launched its first major advertising campaign in Britain for four years in an attempt to woo tourists to South Africa during the coming winter months.

Capitalising on President F W de Klerk's racial reforms, Satour hopes significantly to boost British tourism and engineer a more even distribution of tourists throughout the year.

South Africa's top-class game reserves are cited in the advertisements as destinations which are best visited during the dry season, from June to October.

The campaign coincides with the announcement at the weekend that several African countries are to allow South African Airways to overfly their airspace, cutting more than an hour off flights between the UK and South Africa.

Because of the reduced flying time and fuel consumption, SAA will also be able to compete better with its main rival on the route, British Airways.

Satour spokeswoman in London Ms Alison Whitfield said yesterday that the tourism board was running a two-week national advertising campaign.

Ms Whitfield said Mr De Klerk's reforms had "boosted interest" in South Africa, particularly among people who would not normally have considered it as a tour destination.

The campaign started with a big spread in the Daily Telegraph on Saturday and adverts will appear in other national newspapers such as The Times, the Daily Express, the Daily Mail and the Observer, as well as in regional newspapers like the Yorkshire Evening Post and the Manchester Evening News.

Ms Whitfield declined to disclose the cost of the campaign.

The adverts, carrying phrases like "Be there as the sun rises over the new South Africa", also emphasise the favourable exchange rate for tourists buying rands with sterling.

Apart from touting game reserves "big enough to house almost half of Great Britain", the adverts say South Africa has "the best deep-sea fishing this side of the Bahamas" and "the biggest waves outside of Hawaii".

Satour launches campaign to woo Britons

KIN BENTLEY

LONDON — Satour has launched its first major advertising campaign in Britain since 1987 in an attempt to woo tourists to SA during winter.

It hopes the campaign, which punts the advantages of visiting SA's game reserves during the dry season, will lead to a more even distribution of tourists visiting SA throughout the year.

The campaign coincides with the announcement at the weekend that several African countries are to allow SAA jets to use their airspace, cutting more than an hour off flights between the UK and SA.

Satour spokesman in London Alison Whitfield said yesterday the tourism board was running a two-week, nationwide advertising campaign. (288)

It started with a big spread in the Daily Telegraph on Saturday.

The advertisement, which carries such phrases as "be there as the sun rises over the new SA", capitalises on the improved perception of the country abroad.

The adverts use probably the biggest drawcard of all: the rand-pound exchange rate, which makes a visit to SA cost a fraction of the price of going to places like Hawaii and the Bahamas.

BD 11/6/95

with the cleaning-up—
11 332 people
1 464 vessels
4 062 radios
200 kilometre oil booms
54 oil recovery skimmers
84 aircraft

Although the reply to the first part of your question should thus be no, I would like to reply as follows:

(1) South Africa and Cape Town have limited facilities and good contingency plans for dealing with a major oil spill.

(a) (i) 4 Kuswag dispersant spray vessels carrying ± 85 t of dispersant each, an additional 160 000 litres of dispersant in stock, 1 reconnaissance aircraft, 760 m of oil containment boom, 1 oil skimmer, oil sorbent materials, held by the Department of Environment Affairs in Cape Town.

Other specialised equipment held by organisations such as the Navy, Portnet, etc are listed in the contingency plans and are readily available. General, less specialised, equipment held by other bodies is also listed in the plans.

(ii) 26 coastal oil spill contingency plans have been compiled for the whole South African coastline. These plans contain all the information required to deal with an oil spill at sea. A comprehensive plan exists for the Cape Town area.

(b) Department of Environment Affairs.

(2) Research has, and is, being carried out by the Sea Fisheries Research Institute to determine the impact of oil spills on the marine environment, including the impact of clean-up measures on marine life. These projects include the assessment of the effects of oil on rock lobster and sand prawns as well as on other organisms. The effects of dispersants and other chemical agents have also been determined. A wide range of research projects was undertaken, the results of which were used during the compilation of the contingency plans.

Maritime disaster: impact on Cape tourist industry 288

*4. Mr J H MOMBERG asked the Minister of Trade and Industry and Tourism:

(1) Whether any research has been done on the impact an oil spill or a toxic maritime disaster will have on the Cape tourist industry; if not, why not; if so, what impact will it have;

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

B1118E

The MINISTER OF TRADE AND INDUSTRY AND TOURISM:

(1) The natural environment is probably one of the most important elements of the attractions of a region that give rise to tourism. A recent inquiry into a strategy for tourism development has found, among others, that there is an increasing interest for holiday experiences which are related to the interaction between man and nature, for instance, walking, mountaineering, diving, surfing, etc.

This implies that the preservation of the natural environment, apart from other obvious reasons, is also of the utmost importance for the promotion and maintenance of a healthy, growing tourism industry. For this reason there is close and continuous deliberation between myself and my colleagues at the Ministries of Environment Affairs and Transport regarding all events on our coast which may pose the slightest pollution threat. For instance, consultations took place very recently in connection with the damaged ore carrier "Kashee" lying at anchor in False Bay.

(2) I have already referred to the inquiry into a strategy for tourism development which has been undertaken jointly by Satour and the Development Bank of Southern Africa. The results of this inquiry are contained in a report which is presently under consideration. Aspects pertaining to the environmental impact on tourism were also considered. In the meantime I do not intend to make a further statement on the matter.

288

De Aar: assault of Coloured boys

*5. Mr D H M GIBSON asked the Minister of Law and Order:

(1) Whether the South African Police are investigating the alleged assault on three Coloured boys at the De Aar municipal swimming pool by a certain person, whose name has been furnished to the Police for the purpose of the Minister's reply; if not, why not; if so, (a) what progress has been made in this regard and (b) what is this person's name;

(2) whether the Police are taking steps to prevent further similar right-wing attacks on civilians; if not, why not; if so, what steps?

B1121E

The MINISTER OF LAW AND ORDER:

(1) Yes.

(a) After the investigation by the South African Police had been completed, the case docket was handed over to the Attorney-General who decided to charge two persons on charges of assault. These persons have already appeared in the Magistrate's Court in De Aar and the case has been postponed to 16 July 1991.

(b) Mr D J Bothma.

(2) Yes, the functions of the South African Police are, *inter alia*, the maintenance of law and order and the prevention of crime. This implies that the task of the South African Police is at all times directed at, *inter alia*, protecting all persons against attacks by other persons, irrespective of who may be reponsible for such attacks. This principle is applied consistently.

In De Aar regular patrols are carried out in the town, also at the swimming pool, and duties are performed at galas and other public gatherings there, in order to maintain law and order. Should law and order be disturbed in any manner—also attacks on civilians—the Police will take steps to act against any transgressions of the law.

Incident at Ventersdorp squatter camp: SADF involvement

*6. Dr F HARTZENBERG asked the Minister of Defence:†

(1) Whether the South African Defence Force made use of any national servicemen to assist the South African Police or to perform any other function on 11 May 1991, during the action against the farmers who gathered near a squatter camp at Ventersdorp; if so, (a) what was the nature of the deployment of the national servicemen by the Defence Force and/or Police and (b) what units were involved;

(2) whether national servicemen will be considered again for possible future action of this nature;

(3) whether he will make a statement in this connection?

B1124E

The MINISTER OF DEFENCE:

(1) Yes.

(a) In support of the SA Police.

(b) The Danie Theron Combat School and the SA Defence Force Equestrian Centre.

(2) It will be determined by circumstances.

(3) No.

Attacks by dogs

*7. Mr A E DE WET asked the Minister of Law and Order:

(1) Whether serious attacks by dogs on human beings are reported to the South African Police; if not, why not; if so, (a) how many such attacks were reported during the latest specified 12-month period for which information is available and (b) how many of these attacks were by pit bull terriers;

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

B1151E

The MINISTER OF LAW AND ORDER:

(1) (a) and (b) Yes, but only in so far as criminal offences result therefrom. This means in effect that, *inter alia*, those cases where dogs are incited by persons to

Hotels bonanza for tourist trade

Star 13/6/91

By Frank Jeans (288)

Southern Sun has embarked on a multi-million-rand hotel development scheme for South Africa in a joint venture with Accor of France, the world's largest hotel owner and management group.

Under the banner of Formule 1, the Southern-Accor enterprise will, in time, create 50 new hotels in South Africa in what is claimed to be a "total penetration of the affordable accommodation market".

New era

The 50-50 venture is well timed as South Africa enters a new era.

As one of the world's prime destination points, it is certain to attract many more tourists annually.

The hotels planned in the first phase will, in today's money, represent a capital investment of more than R500 million and will be built on market demand.

The site of the first Formule 1 operation is beside the R24 freeway to Jan Smuts Airport, where a 77-room hotel will soon be started.

Ron Stringfellow ... all of Africa south of the Equator

The big deal looks like being the green light for Southern Sun in the cheaper accommodation market, particularly through its link with Accor, which is already enjoying the success of its concept in Europe and elsewhere.

Accor currently owns or manages 1 500 hotels worldwide.

Formule 1 caters for the no-frills market with modular and industrialised building.

At the press launch in Johannesburg yesterday, Jean-Francois Bourgois, co-president of Formule 1, said: "We strive for the simple, but outstanding product in the creation of hotels.

"Accor will open its 200th Formule 1 hotel in Europe this year, with 1 000 operations targeted by the year 2 000.

"I expect the South African chain to play a key role in reaching this objective."

Secured rights

Southern Sun managing director Ron Stringfellow said: "We have secured the Formule 1 rights for all of Africa south of the Equator.

"The Jan Smuts freeway hotel is the first of many we have in mind for the region."

The hotels will have a computerised system allowing guests to check in at any time of day or night by using their credit cards.

There will be no keys to rooms. Access and exit will be by pushbutton.

Mount Nelson included in world top 100

TOM HOOD (288)

Business Editor ARGUS 15/6/91

CAPE Town's Mount Nelson Hotel has been named one of the world's top 100 hotels by the upmarket British magazine, Harpers and Queen.

The hotel in The Gardens is the only South African hotel nominated for this distinction. It was also included in a list of the world's top ten resort hotels, compiled by the Tatler recently.

The Harpers guide, issued once every five years, includes such hotel greats as the Cipriani in Venice and the Splendido in Portofino (owned by Orient-Express hotels, as is the Mount Nelson) the Hotel de Paris in Monaco, the Savoy, Claridges, and the Connaught in London, and New York's The Pierre and Plaza hotels.

The editor of the Harper's guide, Miss Sally O'Sullivan, notes "many of the grandest hotels are heavily reliant on group bookings for their survival and are less interested in catering to the fastidious independent traveller. We have chosen our hotels because they are the best of their sort and more important because they are well loved by a great number of discerning travellers."

Mr Nick Seewer, general manager of the Mount Nelson said he was delighted that the hotel has been honoured in this way.

VAT: Taxing time for timeshare industry

288

JEREMY REES Argus 15/6/91

Weekend Argus Correspondent

TIMESHARE will be badly hit by the introduction of value-added tax (VAT) later this year.

VAT is to be imposed on the purchase price of a timeshare week and not only on the value of the shares as is the case with share-block properties.

Rioma Cominelli, managing director of H Lewis Trafalgar Timeshare, says the change will be a great disadvantage to timesharing and that Finance Minister Barend du Plessis has not given the matter sufficient thought.

"The margins on reasonably priced timesharing are often extremely small in spite of speculation to the contrary. The nature of the risks are often larger than in many other property markets and to add 12 percent VAT will certainly affect sales levels negatively by creating affordability problems for the purchaser.

"Even more disconcerting is that timesharing, whose main competitor is the hotel industry, is now losing its edge to some degree because hotel rates will not be affected by VAT since they have attracted GST all along."

The transition from GST to VAT will also be a particularly painful event because of the very nature of timesharing. In addition, timeshare levies will be subject to VAT and since a large component of the levies constitute labour which was not previously subject to GST, consumers will feel the pressure of VAT, Ms Cominelli says.

"Confusion exists where levies are billed annually in advance. Must the management agents now only ask owners who own from October onwards to pay VAT or should all timeshare owners throughout the year pay.

"I believe Mr Du Plessis should consider very carefully the matter of VAT on timesharing and our group is currently considering the full implications.

Cathay brings Japan closer

S Times 16/6/94

(Bus Times)

Business Times Reporter

CATHAY PACIFIC's direct flights to SA, beginning next month, will bring the struggling tourist trade closer to the fastest-growing market in the world — Japan.

The number of Japanese tourists heading for world destinations has grown in recent years to more than 11-million outgoing travellers a year.

The total is expected to rise by 12% this year, says Cathay Pacific marketing director Rowland Cobbold.

About 44% of Cathay Pacific's bookings on its route to Jan Smuts Airport are business travellers. Tourists make up the rest.

Mr Cobbold says: "Japan could be an important market for South Africa — the potential is there.

"A good selling job will have to be done because you are far away from Japan. Japanese travellers do not like to away from home for long."

Capital

Japan's reduction of restrictions on trade with SA and the probable lifting of the ban on investment will also increase travel between the countries.

"Japan is probably the biggest exporter of investment capital in the world," says Mr Cobbold.

The ability of South Africans to travel to the Far East has been hit by the low rand, but there are moves to reduce the cost of holidays in the region.

The Western Pacific Rim is the growth area for air travel in the next 10 years.

Cathay Pacific has been watching flights between Hong Kong and SA for two or three years and has grown steadily off a low base.

"We did the sums and the SA route looked good."

Mr Cobbold says Cathay Pacific is looking for a 70% load factor on the new route and he is satisfied with early bookings.

The first flight is almost fully booked and other bookings are coming in steadily.

"Some flights are heavily booked and others are weak. But every time we open a route we find traffic increases once the first flights have landed. You need the product on the shelves."

Southern Sun in switch to no-frills

S Times 16/6/91 (Bus Times) 288

By IAN SMITH

SOUTHERN SUN's link-up with French hotel and restaurant giant Accor to develop budget hotels stresses SA Breweries' commitment to the hotel trade.

It is also a dramatic change in direction for Southern Sun, which was delisted last year. The group's 56 Southern Sun and Holiday Inn hotels dominate the four- and five-star market, which has been badly hit by the Persian Gulf War, the business recession and township violence.

Efficiency

A company has been set up to operate the Formule 1 chain in SA. It is equally owned by Southern Sun and Accor, the biggest hotel group in the world with more than 100 000 rooms in 900 hotels in nearly 60 countries.

It is hard to put a value on the new investment to be ploughed into Formule 1 by the two groups because the rate of expansion depends on the success of the first hotel, already being built next to the R24 highway near Jan Smuts Airport.

But the partners envisage investing more than R500-million, depending on market demand. Southern Sun has the rights to Formule 1 throughout sub-Saharan Africa.

The first hotels will be operated by the joint-venture company, but the chain could go into franchise operations later.

Formule 1, which has been hugely successful in Europe, will take the concept of no-frills hotels to a new level in Southern Africa.

The hotels are built to a modular design, using industrial building methods and standard format furnishings for speed and economy. Building costs are tightly controlled and the emphasis is on efficiency.

In Europe an 80-room hotel is run by five staff members. The reception counter is manned only in the day and guests check in after hours by using a credit card. Computers keep track of the visitor and the account is debited to his account.

The hotels are normally built near restaurants and they serve only hot drinks and pastries at breakfast. Vending machines sell other products.

Formule 1 co-president Jean-Francois Bourgois was in Johannesburg to sign the deal with Southern Sun managing director Ron Stringfellow this week.

He says: "Accor operates in North and West Africa, but we believe that if Southern Africa is to develop to its full potential it will be through South Africa."

Formule 1 opened its first hotel in 1985 and the 200th last October. The target is for 1 000 Formule 1 hotels by the end of the decade, with more than 50 in Southern Africa.

The success of Formule 1 has been assured by high occupancies at weekends, traditionally flat in business-oriented hotels.

In Europe they attract sports teams and youth groups because of their low tariffs. This helps to push occupancy rates to 84%.

Southern Sun has had booking inquiries from European tour operators, mainly for youth groups. The link with Accor could help market the attractions of Southern Africa to the whole European tour market.

Formule 1 in SA will be headed by managing director Roland du Travan, a former Mauritian.

Violence and unrest cuts flow of tourists

Star 17/6/91

288 (274)

By Michael Chester

Internal unrest and violence were the main reasons behind a multimillion-rand drop in earnings in the tourism business, according to the SA Tourism Board.

Satour chairman Piet van Hoven said these factors had resulted in sharp cutbacks in the flow of visitors from overseas in recent months.

He estimates that the number of foreign tourists fell by more than 17 percent in the January/February season compared with a year ago.

Internal violence had seriously worsened the set of problems caused by a global slowdown in international holiday travel which was experienced during the Gulf conflict.

The tourism industry had also been hit by a large drop in the number of local holidaymakers as the economic recession and unemployment had made deep dents in household budgets and forced families to take shorter and fewer holidays.

However, Satour had launched an aggressive marketing campaign to counter the downwards trends, and the outlook had been much improved by the success of the recent international tourism indaba held in Cape Town, Mr van Hoven said.

Renewed interest in South Africa as a global tourism magnet had also been generated by Satour marketing drives in Britain, Italy, Germany and Switzerland, in particular.

Initiative

Further positive results were expected from initiatives to attract more foreign tourists travelling on executive incentive schemes offered by several major companies.

Dozens of companies in Europe had already sent representatives to explore the potential of South Africa as a special holiday package to be offered as executive bonuses, he said.

Several hundred employees of companies in Italy and Portugal had arrived on incentive scheme holidays recently and more were expected from France, Germany and Spain.

South Africa had also been selected as host country for 12 international business conferences, each planned to pull in between 500 and 1 800 delegates.

"The worldwide network of Satour offices is operating in top gear to draw more tourists," said Mr van Hoven.

"In co-operation with SA Airways and key members of the travel trade, we are running seminars and workshops everywhere from South America to the Far East."

New services planned by Austrian Airlines and Cathay Pacific Airlines promised to yield good results in two-way flows of tourists as well.

At home, Satour was laying out special holiday programmes to cope with the steadily growing interest of black families.

"Despite the setbacks caused by internal unrest and violence in the first few months of the year, plus the global fall in international travel caused by the Gulf War, we're still optimistic about the outlook for tourism results for 1991 as a whole," Mr van Hoven added.

African tourist influx expected

Bday 18/6/91

PRESIDENT FW de Klerk's breakthrough visits to Kenya and other parts of Africa could herald a large influx of tourists from the north, Fedhasa executive director Peter Hearfield said in a statement yesterday.

"The potential is enormous, and echoes prospects for increased trade in the wake of the political breakthroughs," he said.

"The states immediately north of the Zambezi are in many ways more natural sources of tourism for SA than Europe.

"There is a natural affinity with SA which, after all, is an African state and there is bound to be a high degree of curiosity about the new SA as apartheid finally crumbles."

About half of SA's one million foreign visitors were already from black Africa, "representing an excellent base on which to build a bigger tourism market", Hearfield said.

The growing business links between SA and its neighbours now generated about R10bn a year in two-way trade, in spite of an official sanctions policy by the OAU.

"With the removal of official sanctions now very much in the offing, trade can be expected to increase even further, generating more traffic by black businessmen, government officials and so on."

Important for tourism was the likelihood that special interest tour groups and study groups would visit SA. General tour groups and individual visits, drawn from middle to upper income citizens, were also likely, he said.

"Bizarre as it may seem, tours of Soweto and Robben Island may very well prove to be a drawcard for visitors from Africa.

"An interesting facet of the situation is that many of the currencies of these states are stronger than the rand.

"Therefore, in converting the local currencies into Deutchmarks or dollars, visitors from these territories would find an SA holiday surprisingly inexpensive, certainly when compared with a trip to Europe," Hearfield said.

Satour chairman Piet van Hoven was quoted yesterday as saying that the number of foreign tourists to SA had dropped by 17% in the January-February season, compared with the same period last year. The drop was attributed largely to unrest and violence in SA. — Sapa.

Tourism from Africa tipped

CT 18/6/91 (288)

JOHANNESBURG. — President F W de Klerk's breakthrough visits to Kenya and other parts of Africa could herald a big influx of tourists from black Africa, according to Fedhasa, the federated hotels association.

In a statement yesterday, Fedhasa said:

"Bizarre as it may seem, tours of Soweto and Robben Island may very well prove to be a drawcard for black African visitors...".

"The potential is enormous and echoes that of the prospects for increased trade in the wake of the political breakthroughs," said Mr Peter Hearfield, Executive Director of Fedhasa, in the statement.

"The states immediately north of the Zambesi are in many ways more natural sources of tourism for South Africa than Europe."

He added: "They are obviously closer than Europe and there is a natural affinity with South Africa, which, after all, is an African state."

There was "bound to be a high degree of curiosity about the new South Africa as apartheid finally crumbles".

Few realised that about half of South Africa's one million foreign visitors were already from black Africa, "representing an excellent base on which to build a bigger tourism market," according to the statement.

The growing business links between South Africa and its neighbours now generated some R10 bn a year in two way trade, in spite of an OAU sanctions policy, said Mr Hearfield.

"With the removal of official sanctions now very much in the offing, trade can be expected to increase even further, generating more traffic by black businessmen, government officials and so on."

The currencies of some African states also compared favourably to the rand, he said. — Sapa

Kersaf and Kangra merging liquor interests

Star 19/6/91

By Ann Crotty 288

Kersaf and Kangra have announced that an agreement has been reached in principle for the merging of their respective liquor interests.

The liquor interests involved are Douglas Green of Paarl in the case of Kersaf and Union Wine for Kangra.

Towards the end of last year Kangra, which is controlled by Graham Beck, acquired 100 percent of Union Wine. It paid R21,5 million to Picardi Holdings for 94,6 percent of the company and 100c a share to the minority shareholders.

In May, a management team headed by Jacques Kempen, bought out the remaining 50 percent of Union Wine's retail operation that it did not already hold. This meant that Union Wine, which has wine and spirit production facilities, was without a retail arm.

The deal between Union Wine and Kersaf has apparently been under negotiation for a couple of months. Industry sources indicate that several attempts were made to effect this sort of merger when Union Wine was part of the Picardi group.

It seems that negotiation difficulties have centred on how the deal should be valued. Douglas Green has a relatively small asset base. Indications are that about 60 percent of profits derive from imported products which are distributed by Douglas Green.

KWV bottles Douglas Green wines.

By contrast Union Wine has a relatively strong asset base but needs a strong distribution system.

At this stage there are no indications as to what the deal has been valued at or how that value was derived.

In addition there is no indication as to whether Mr Beck is selling out completely or remaining with the merged operation.

If it is a complete sell out then it looks as though Mr Beck has effected something of an asset strip of Union Wine.

Beer – food of the Zulus

IN 1881 the Zulu king, Cetshwayo, was questioned before the Native Laws and Customs Commission:

Have you any law preventing people from drinking or selling beer made in your country?

No, that is the food of the Zulus; they drink it as the English drink coffee.

Does it not make them drunk?

Some get drunk when they drink too much.

Are they punished?

No, unless a man does something wrong when he is drunk.

Beer was not only "the food of the Zulus". Beer-drinking was common throughout African societies in South Africa. People brewed beer from the grain, corn or fruit of their plentiful lands.

The most common drink was made from sorghum or maize. This beer was known as utshwala (Nguni) or byalwa (Sotho). Brewing could take from four to 14 days. The final product was a thick, pink-coloured drink. It usually had a low alcoholic content, was refreshing and rich in nourishing vitamins. It was like a staple food rather than an alcoholic drink.

But there were many different kinds of drink and many ways of producing them. For example, in the Northern Transvaal people sometimes brewed strong drinks from marula berries or from the leaves of prickly pears. In the Western Transvaal a popular drink was made from honey. It was very strong.

Women were usually responsible for brewing beer.

Naboth Mokgatle, who grew up in Phokeng in the Rustenburg district, says in his book *The Autobiography of an Unknown South African*: "Every woman in my tribe is expected to know how to brew good and nourishing beer".

Drinking beer was strongly associated with manhood. Men were expected to be beer drinkers. An old Zulu saying, "utshwala buqinisa umzimba", means "beer strengthens the body".

Beer served a number of purposes. It could be used as a form of payment. For example, a herbalist could be given beer for protecting a farmer's crops.

Beer was also important at certain events because it helped to build friendly relationships with other people. At weddings the beer-party united the family members of marriage partners. Initiation, death and other important stages of life were associated with large beer-parties.

So it was not just drinking beer that was important. Rather, beer-drinks helped to strengthen bonds between people. – *Brewers, Beerhalls and Boycotts*, published by Ravan Press.

Kersaf, Kangra in merger

KERSAF and Kangra are to merge their liquor interests from July 1. B/Day 20/6/91 (288)

The interests comprise Kersaf Liquor Holdings Limited and Douglas Green of Paarl in the case of Kersaf, and Union Wine in the case of Kangra.

The merger is expected to improve efficiency and marketing and to also enhance customer service and the new operation's competitive position in the industry.

Kersaf will assume responsibility for the management of the merged operation.

Due to the relative size of the new operation, it is anticipated that the earnings and net worth of Kersaf in the year ahead or succeeding years will unlikely be materially affected by the merger.

The agreement is subject to the approval of the Liquor Board. — Sapa.

Lord Nelson to get shot in arm from hotel chain

C/T 20/6/91 (288)

THE management of the historic Lord Nelson Inn, one of the last hotels on the False Bay coast, will be taken over by a large hotel chain at the end of the month.

The hotel is at least 90 years old and is the last remaining of Simon's Town's original four.

General manager, Mr John Nortje, who has run the hotel for the last nine months and will continue to do so when Protea takes over, believes the stronger sales team which would back the Lord Nelson in the future would generate a much greater revenue and save a fortune in advertising.

"Now that the St James Hotel is becoming a retirement residence, there are few hotels along the coast for up-country people and I suspect that from the beginning of next year the people who always stayed in the St James will stay here," he told the Constantiaberg and False Bay Review this week.

The hotel was extensively renovated 18 months ago — to the tune of R1,2m — and upgraded from one star to three stars.

A conference room which seats 18 delegates in boardroom style has just been completed and a spokesman for Protea said that, therefore, no major improvement are planned for the inn in the near future.

Managing director of Delkor Leisure Holdings, Mr Archar Brownlee, who owns the property, says the decision was prompted by a desire not only to improve the image of the Lord Nelson but also business in general.

"The Lord Nelson Inn already enjoys higher than average occupancies but I believe these could be further improved," he said.

Contrav results show nosedive

MARCIA KLEIN

Bday 21/6/91

THE dramatic effect of the Gulf War on international tourism was reflected in SA's only listed travel group Concorde Travel's (Contrav's) results, where turnover nosedived from a 97,5% rise in the previous year to a 6,4% growth in the year to end-March.

Group financial director Norman Steingold said yesterday the war had affected travel not only to the Middle East, but travel worldwide, following threats of reprisals against the US and its allies.

He said the huge increase in the previous year also included a contribution from the acquisitions of certain Miller Weedon operations.

He said some of Contrav's corporate clients had a moratorium on international travel for three months prior to the new financial year, and there had been an initial rush in the new year.

The dramatic fall-off in international air traffic saw many flights cancelled and a resultant drop in demand, which adversely affected the second half of the year, he said.

Contrav, whose operating companies include Concorde, Peltours, Columbia, Summit and Miller Weedon, had managed to contain its decrease in operating income to 16,8% from R2,4m to R2,0m, despite the fall in turnover.

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Cautious

Steingold said a critical factor in the travel industry was its very low margins. Travel companies were entitled to earn a fixed gross margin of 7% on local and 9% on international travel.

The only way to be profitable was to be cautious on expenditure and the debtors book. Cashflow, which was a critical factor in the industry, had improved from R600 000 to R2,5m.

Income before tax was 21,4% down to R1,6m (R2,0m), and a 27,2% rise in taxation and the inclusion of an extraordinary item in the previous year saw net income rise by 9% to R1,1m (R1,0m).

Earnings were reduced from 10,4c a share to 7,0c a share, and directors decided it was prudent to reduce the dividend, covered 2,5 times, to 2,75c (3,75c) a share.

Steingold said barring any further setbacks, there would be a rush of international tourists to SA if there was political certainty in the country.

This would not only benefit the tourism industry but the economy as a whole.

The company was looking at expanding in the industry, but Steingold could not be drawn on what plans were in place.

Turnover had already improved in the new financial year, and Contrav was expecting satisfactory growth in financial 1992.

UK call to lift sanctions

ET 22/6/91

LONDON. — The Financial Times yesterday made one of the most forceful calls to lift international sanctions against South Africa yet to appear in a British newspaper.

It argued that South Africa urgently needed international help to deal with the legacy of apartheid.

It said institutions which imposed sanctions against South Africa, such as the Commonwealth, the UN and the European Community, should now use the same amount of energy to assist South Africa's transition to democracy.

Over the past year, the Financial Times said, it had become increasingly clear that the sanctions policy had "served its purpose".

Although South Africa was now developing trade links around the globe and particular with Africa, the Soviet Union and East European countries, this did not mean President F W de Klerk could relax, the FT said.

"Pressures remain, both internal and external. Only a constitutional agreement will end the country's political violence. Without stability the South African economy will not attract the foreign capital it desperately needs."

Black education, health and housing all bore the scars of apartheid, while a generation of young black South Africans who quit their schoolrooms were unemployed and, unless they got help, unemployable, said the paper.

Noting recent overtures from OAU president Ibrahim Babangida of Nigeria, the FT said it seemed possible that the Harare Commonwealth summit in October "will wisely advocate the end of Commonwealth sanctions".

ANC conference money-spinner for Durban

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ET 25/6/91

Own Correspondent

DURBAN. — The ANC national conference here next week promises to be a massive money-spinner for the tourism industry and Durban's economy in general.

The week-long conference will see about 3 000 delegates and international guests descending on Durban, many of whom will stay in hotels, say conference organisers. About 1 000 will be accommodated on the campus of the University of Durban-Westville.

Among foreign dignitaries expected are President Kenneth Kaunda of Zambia and former president Mr Julius Nyerere of Tanzania. Archbishop Trevor Huddleston and American activist Ms Angela Davis will also attend.

Second tier officials from Cuba, Angola, Zimbabwe and Egypt have confirmed invitations, according to the Department of Foreign Affairs.

Mr Frank Vincent of the Durban Publicity Association said: "Considering how much the city has to offer, it came as no surprise to discover the ANC had decided to hold its conference here."

Fedhasa chairman Mr Alan Gooderson agreed, saying that any visitors to Durban were always "welcomed with open arms".

The conference will kick off at Louis Botha Airport this Sunday as a professional crew films the arrival of international guests and will end with a rally at Kings Park the following Sunday.

An ANC spokesman confirmed yesterday massive security precautions will be undertaken to protect the high-profile delegates and guests.

Admittance to the conference is to be strictly controlled. Personnel from the ANC's security department will be teaming up with private security firms and the police to throw a "security blanket" over proceedings.

According to the Department of Foreign Affairs, only those dignitaries who requested personal security will be allotted bodyguards.

More than 300 foreign and an undisclosed number of local journalists will be questioned by an ANC accreditation committee before being issued with identification by the ANC.

1A

Drop-Inn acquires Dutch wine marketing interest

BDay 26/6/91

(288)

MARCIA KLEIN

CAPE-based retail and wholesale liquor distributor Drop-Inn has acquired an interest in a Dutch company which markets and distributes SA wines.

Directors said in the annual report that the Dutch principals had a chain of retail stores and were closely associated with the liquor industry throughout Holland.

Through this association, "Drop-Inn could ultimately expand this activity throughout Europe", they said, and there had been a positive response from numerous European countries interested in acquiring SA wines.

They said Drop-Inn was well positioned to acquire the wines to be marketed, and it was planning to extend its association with other European principals to market the wine products throughout Europe.

MD Jonathan Miles said yesterday that chairman Sam Berk was currently overseas finalising details of the acquisition.

He said the new venture was still at an experimental stage, and the first batch of SA wines had been sent over.

Drop-Inn recently said that it would concentrate its resources on developing its core business in the Western Cape but Miles said the new venture would be an added part of the business which Drop-Inn felt confident of, and which had enormous opportunities.

During the year Drop-Inn sold all its property interests to the Berk Family Trust for R12,7m and consolidated its shares on a five to one basis. Net proceeds for the sale were paid out to shareholders at 24c a share.

In January Drop-Inn announced that it would dispose of Benny Goldberg's to Final Call Investments, controlled by Kersaf director Ernest Rutter for R8,2m cash.

Drop-Inn reported a 3,5% decrease in earnings to 26,12c a share for the year to end-February, when it adjusted profits for financial 1990 to reflect thefts which could total R1m.

Joint hotel and timeshare schemes 'on the increase'

JOINT hotel and timeshare schemes are on the increase, says Stocks & Stocks marketing MD Peter Foaden.

"In a joint timeshare/hotel scheme, the capital costs on the hotel can be reduced by pumping proceeds from the timeshare side into the hotel. Returns of 30% or more can then be achieved," Foaden says. (288)

In addition, timeshare owners' investments are protected by the success of the hotel and they are assured the resort will maintain its standards. B|Day 26/6/91

Stocks & Stocks operates its KwaMaritane resort in the Pilanesburg Nature Reserve near Sun City partly as a hotel and partly as timeshare units. Bakubung, KwaMaritane's sister lodge, to be opened officially in August, will operate in the same way. Both resorts offer conference facilities.

"The new Bakubung resort, in a different part of the Pilanesberg reserve, will have about 60 rooms for hotel use. We will now have to concentrate on shifting our marketing policy away from the timeshare side towards the hotel as the KwaMaritane timeshare units are well sold," Foaden says.

Drop-Inn buys in to Dutch wine group

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Argus 27/6/91

By BLAISE HOPKINSON, Business Staff

CAPE-based liquor retailing group Drop-Inn has bought into a Dutch company engaged in the marketing and distribution of South African wines.

The move could herald an expansion by Drop-Inn into the European market.

Drop-Inn chairman, Mr Sam Berk says in the group's annual report there had been a positive response from numerous European countries indicating their interest in acquiring South African wine.

At home Drop-Inn has reported pre-tax profits up 11,5 percent on a 24,6 percent increase in turnover to R153,8 million for the year to February.

Earlier Drop-Inn reported "adverse financial trends" that included the alleged covering up of excessive stock shrinkage and other "defalcations" amounting to R746 000, which had not been discovered during the audit of the year to February 1990.

Consequently the previous year's figures had to be adjusted.

The group is to expand and upgrade its computerised point of sale system in an endeavour to control shrinkage more effectively, Mr Berk says.

He does not foresee an improvement in earnings in the current year, but says in spite of the lack of income from property — the group sold off its interests last year — tighter financial and stock controls should ensure results "approximate those of the current year".

SAA and Satour join forces

~~287~~ 288 9T 27/6/91

PRETORIA. — For the first time since 1987, the SA Tourism Board and SA Airways have launched a major advertising campaign to attract British tourists to SA.

In a statement released by Satour yesterday, the two said the campaign had been launched with the winter months in mind in an effort to get a more even distribution of tourists throughout the year.

Fifty-six black and white advertisements will appear in 14 leading British newspapers over a period of three weeks, highlighting various attractions, including game parks and the abundance of wild life, the winelands, the Blue Train and the biggest attraction of all — the more than favourable Rand-/Pound exchange rate — making SA a fraction of the cost of other popular tourist destinations.

Both SAA and Satour have indicated the campaign has so far attracted a tremendous response, with an average of some 350 calls and reply coupons being received every day.

Flying time to the UK was recently cut by more than an hour when several African states granted SAA the right to use their airspace. — Sapa

Tony Bosman has been appointed regional manager of NBS Developments Cape.

Festival 'didn't draw the tourists'

CT 28/6/91

(288)

Staff Reporter

THIS year's Cape Festival had not achieved its aim of drawing tourists to Cape Town to "put bodies into beds", Mr Arthur Wienburg charged at the monthly Cape Town City Council meeting yesterday.

He said further that the event was not worth the R800 000 to R1 million spent on it.

He claimed it had not achieved what it had set out to do, which was to bring tourists to Cape Town, and "put bodies into beds" here.

A large loss had apparently been incurred in this year's festival, held over the Easter weekend, he said. A council official said yesterday that the figures were still being audited.

Mr Wienburg said the hotel industry knew that the festival was not filling its beds. To support his argument, he also quoted at length from a survey of more than 3 000 festival-goers commissioned by Captour and conducted by the Cape Technikon.

"Only 5% said they had come because of the Cape Festival," he said.

"Seventy-one percent of people interviewed were from Cape Town, 2% were British, 2% were German, 2% were from the Free State."

He suggested that something must be celebrated, and that there should be more of a focus on food and wine.

Quoted 'selectively'

Mr Abe Katz suggested that Cape Town should be the cultural capital of South Africa, with a festival focusing on opera, ballet, theatre and classical and jazz music.

Mr Louis Kreiner said Mr Wienburg had quoted selectively from the survey, which also indicated that 99% of people interviewed were in favour of having another festival.

Councillor Chris Joubert wanted a shorter but more intense festival.

"Why can't we cordon off the city for a couple of evenings, and let only emergency services through, so that everyone can participate? Security will be great," he said.

Mr Llewellyn van Wyk suggested that in order to draw people to the city at a particular time, something unusual that happened only at the time of the festival had to be offered.

"We have to close off the central business district for a week and dance in the streets," he suggested, "or organise a motor race through the streets of Cape Town, like they do in Monaco.

"Then we can start rivalling the Rio festival. But talking of food, wine and music will not do it."

In replying to the debate, Mr Wienburg said that even if Capetonians themselves had had a great time at the festival, it had not succeeded in bringing people to the city.

The motion — asking exco to get the festival committee to decide on next year's theme, target market and main objective — was passed with 18 votes in favour and none visible against it.

Renovations and war knock Karos

MARCIA KLEIN

THE partial or full closure of some Karos hotels for refurbishment, coupled with the effects of the Gulf war on the international tourism industry, affected Karos Hotels' profits for the year to end-March. B Day 28/6/91

Karos, which has also announced a R14m rights offer to increase facilities at two of its hotels, dropped 25,4% in attributable profits to R4,1m (R8,5m) on a 22,6% rise in turnover to R70,8m (R57,8m).

Operating profits were up by 8,1% to R14,2m (R13,1m), but a threefold hike in the interest bill to R5,4m (R1,8m) and an increase in depreciation saw pre-tax profits decline by 37,3% to R5,6m (R9,0m).

Earnings fell by 51,6% to 15c (31c) a share, and a final dividend of 3c (6c) a share brought the full-year dividend to 6c (12c) a share.

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Directors said they were "fully aware" of the effect refurbishments would have on short-term profits, with 25% of the group's total rooms and facilities being unavailable during the year.

However, with the completion of the refurbishment programme — except for the Polana Hotel in Mozambique — Karos was well-placed to meet the expected demand in tourism, they said.

A capital expenditure programme of R17m, to be partly funded by the rights offer, has been approved to enhance facilities at the Karos Indaba Hotel and Karos Mont Aux Sources Hotel.

Strong showing by lagging divisions revives Chubb

B Day 28/6/91..

MARC HASENFUSS

STRONG performances from Chubb Holdings' physical and electronic security divisions ensured a 40% rise in earnings for the group in the year to March 1991.

Chubb's physical security division increased its contribution to operating profit 46% to R6,1m and the electronic security division increased its contribution 58% to R7,8m.

Ironically, Chubb's 32% earnings crash in the previous financial year was due to poor performances by these divisions.

This year Chubb's fire security division was the bad apple, with a 40% decline in trading profit to R2,6m.

However, turnover climbed 20% to R173m.

Slightly improved margins helped lift operating profit 22%, while lower taxation partly offset a 33% increase in interest paid.

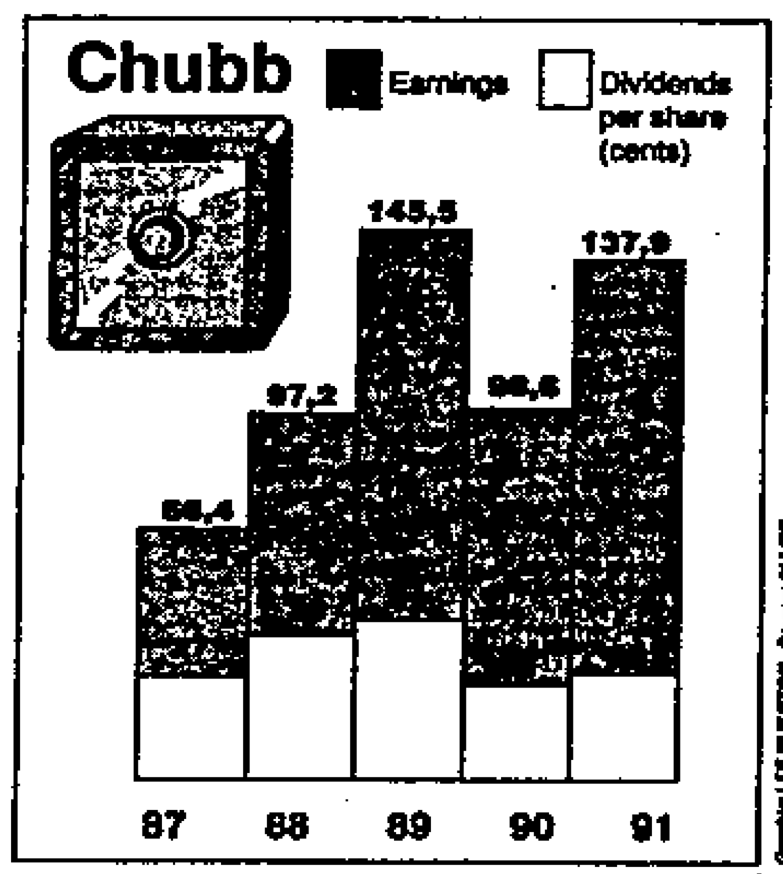
Attributable earnings soared to R7,6m (R5,4m), although directors said "increased competition and low demand for group products from the construction industry adversely affected performance".

Earnings a share increased 39,9% to 137,9c on the back of a greater number of shares in issue. A final dividend of 17c was declared.

Total payout to shareholders was 28c, covered 4,92 (3,91) times.

Chubb benefited from a partial pension fund contribution holiday. Directors said had this not happened, earnings a share would have been 117,7c.

Directors attributed the finance cost increase to R4,9m (R3,7m) to high domestic interest rates and higher borrowings stemming from capital expenditure, acquisitions and higher working capital levels.



Abercom minorities offered 79% carrot

B Day 28/6/91

BRENT VON MELVILLE

MALBAK is to buy out the minorities in its ailing Abercom subsidiary in a healthy offer almost 80% above the ruling price.

Assuming the offer is accepted, Abercom will then be delisted.

Malbak has offered minority shareholders 125c a share, a 79% premium on the existing share price of 70c.

Abercom, whose sole investment is an 86% holding in UK-based packaging group MY Holdings through wholly owned Tawneydown, has traded in a range between 85c and 35c over the past 12 months.

It has long been the financial thorn in Malbak's side.

Malbak was forced last year to inject R51m into MY to keep its head above water.

Despite the loan MY is still suffering from a high debt burden.

Malbak chairman Grant Thomas said yesterday the group had looked at a number of alternatives when it realised the capital injection had not worked.

Among them was the possibility of a rights issue in Abercom to recapitalise the business, but Abercom would have had to raise about R120m on the basis of seven new shares for every one at a price of 60c a share.

Thomas said it had been clear for some time that Abercom's capital was being steadily eroded by MY's disappointing performance over the past several years.

Tawneydown is also heavily geared, with borrowings standing at about £15m.

He said the group would continue to run the operations at MY as best it could.

"It is in far better shape than it was a couple of years ago, but MY has not paid any dividends to Tawneydown, and is unlikely to do so for some years."

The buyout will cost Malbak about R8m, but will have no material effect on either the earnings or net asset value of a Malbak share.

Big tax leap hits Musica

MARCIA KLEIN

EXTRA shares in issue and a huge tax hike reduced Musica's 48% rise in pre-tax profits to a 5% decline in earnings a share in the year to end-March.

The music retailer increased its turnover by 38% to R28,4m (R20,6m). Profit before interest was up 48% to R2,3m (R1,6m) and pre-tax profits rose 48% to R1,7m (R1,2m).

However, a 118% rise in taxation to R869 200 (R399 000) — after past tax losses ran out — left profit after tax only 11% up at R838 200 (R756 000).

The 5% decrease in earnings to 4,8c (5,1c) a share was mainly due to extra shares in issue from a five for one capitalisation issue. A 20% higher dividend of 2c (1,67c) was declared, and cover lowered from 3,05 times to 2,43 times.

Satisfactory profits from Columbia, Acrem

B Day 28/6/91.

LIZ ROUSE

COLUMBIA Consultants and its rural retailing group, Acrem Holdings, both held profits at satisfactory levels in the year to March.

Columbia achieved a 1% increase in attributable profits to R6,3m (1990: R6,2m), equal to earnings of 21,2c (20,9c) a share. Dividend cover has been increased to 1,8 times and with the declaration of a final dividend of 8c, the total is down to 12c (15c).

Columbia scored on a low tax rate for the year. Difficult trading and depressed economic conditions are reflected in a 13% drop in operating income to just over R10m (R11,5m) on a 5% increase in turnover to R71,1m (R67,4m), while interest paid was up at R4,1m ((R3,56m) and income from other investments was down at R1,3m (R2,3m).

Columbia CE Gordon Polovin says in his preliminary report that the ratios for current assets to current liabilities of 2,9 and interest-bearing debt to shareholders' funds of 0,61 and the return on shareholders' equity of 16,6% remain satisfactory.

Acrem traded satisfactorily given the difficult trading conditions.

Attributable profit amounted to R6,6m (R6,2m) on a 5% rise in turnover to R56,4m (R53,7m). But the doubling of the number of issued shares in the R15,5m rights offer (which reduced gearing from 116,6% to 55,8%) resulted in a 45% decrease in earnings a share to 8,5c (15,6c).

However, dividend cover has been dropped to 1,4 times (3,1 times) and the dividend total is up at 6c (5c).

Acrem's balance sheet is healthy with a current assets/liabilities ratio of 3,6:1, but Section 24 of the Income Tax Act has cast a shadow over four years' cash flow and income.

Cash flow is estimated to be badly affected by about R2,5m a year for the next four years. There will be no recourse to debt.

Acrem has consolidated five branches into the remaining 11.

Lawyers picket 'racist' restaurant

(285) Argus 29/6/91

Weekend Argus Correspondent

PRETORIA. — "Do you really want to eat racist food?" was the question picketers outside a popular Pretoria restaurant asked passersby.

Representatives of Lawyers for Human Rights held a lunch-time picket outside Partners Restaurant in the Van Erkoms Arcade in Pretorius Street yesterday in protest against the "racist" attitude of the restaurant.

In a statement, the organisation said members of their staff and foreign guests were last week refused entry on the basis that the restaurant "does not allow cross-cultural mixing after 4pm".

"In the new South Africa, where it is no longer cool to be racist, we appear to be witnessing the emergence of a new breed of 'culturalists'. In Lawyers for Human Rights we regard this as blatant discrimination on the grounds of skin colour, and we reject it," the statement read.

Owner of Partners Restaurant Mrs Marlene Caban said: "I have no problem with people eating lunch here, but when they start drinking and approaching the white girls, my long-time customers start leaving."

She added that she had had "problems" in the past but did not want to elaborate.

From under the counter, Mrs Caban produced magazine photographs of people killed in township violence and said: "I can't identify with people who solve their problems like this.

"If someone should feel their steak is not done to their satisfaction, I can't have them necklacing my waiters," she added.

"I would have no objection if a restaurant catering for blacks opened next door to me; that is their right. I pay my rent, should I not have rights too?"

Mr Richard Blackbara who was eating lunch with a black guest said he would "create one hell of a fuss" if his guest were refused entry in the evening.

MY WAY

With Khulu Sibiya

C Press 30/6/91

Communal spirit hasn't died down

(288)

THIS week every newspaper in the country has reported on serious issues – especially the much-talked about ANC congress in Durban.

We have also read about the education crisis, last weekend's terrible train massacre and the escalating violence in Natal.

So in this column I will try to lighten up.

Journalists have deprived us of the lighter side of life – humour and laughter.

Gone are the days when people could smile in the face of adversity, when they could get together at shebeens, better known as "home-away-from-home", to discuss their problems.

These days people are afraid to go as freely to shebeens as they used to.

Shebeens were to township folk what pubs are to the British.

It didn't matter who you were, where you came from or who you were with, shebeens in those days were very hospitable.

If you ran out of money, the good old auntie was prepared to give you credit.

If, for some strange reason she was in a bad mood and refused you credit, you could lean over and take a sip from someone else's drink. It was considered acceptable social etiquette.

Be that as it may, some shebeens are still "home-from-home", as two visiting Australian journalists discovered the other night in Soweto.

Before their shebeen crawl with me, the two gentlemen had interviewed several cabinet ministers, officials from Azapo, the PAC, ANC and Inkatha.

At first they were apprehensive about going into Soweto at night, especially after the stories they had heard from white South Africans – that to venture into the townships wearing a white skin was a recipe for disaster.

Our first stop at Grace's allayed their fears.

The broad and welcoming smile on the face of the hostess – despite the fact that her electricity had been cut off on a cold and windy night – reassured my friends that they were welcome.

What impressed them was the cross-section of highly professional people who were there, discussing one academic subject after another.

"I have never met a group of people as knowledgeable on such a diverse range of topics as these," one of them remarked.

The other added that he was amazed that nobody became emotional about the ills they had suffered under apartheid.

"Instead they laughed at the system," he enthused.

They could not believe how respectful the patrons were to one another, considering the level of violence in the townships.

My friends had been told that Zulus and Xhosas killed one-another at the slightest provocation, so it was a surprise for them to find people of different ethnic groups sociably sharing a drink.

I told them "home-away-from-home" had always been our way of life, and it was a place where our political differences did not matter.

Our ethnic and class origins were irrelevant. We were one big happy family.

Divide and rule has failed to keep us ethnically separate. Black South Africans have been pitted against each other by a Renamo-type group, not by tribalism.

To get a better understanding of our unity one must visit these "homes-away-from-homes", where we can still smile and share a drink with strangers.

We are not bitter about the past, but we want a bright future for our people.

It is a pity that this lesson will now be learnt by two Australians and not our own doubting white South Africans.

SERVICES SECTOR - ACCOM, LIQUOR + Catering
GENERAL — 1991

JULY — OCT.

Timeshare clients misled, says Consumer Council

GERALD REILLY and DARIUS SANAI 288

PRETORIA — Potential buyers of timeshare units are being misled by dubious advertising and marketing methods, says Consumer Council director Jan Cronjé. 8 Day 1/7/91

He said in a statement that thousands of consumers were "at their wits' end".

Some sellers failed to give buyers a cooling off period to review the transaction and were contravening the *Credit Agreements Act*.

Some firms, Cronjé said, refused payment of levies in instalments while others charged up to 32% interest on outstanding levy payments.

Many buyers were cajoled into believing their units could be easily sold or exchanged. This, he said, was seldom true in practice.

Peter Erasmus, executive director of the Timeshare Institute of SA (Tisa), said at the weekend that Tisa — which represents 77% of the timeshare industry — did not permit any unprofessional conduct by its members. None of the companies referred to by Cronjé were Tisa members, he said.

"We have a very rigid code of ethics and a disciplinary committee," he said.

Ninety-four complaints had been received against Tisa members last year and all had been settled without recourse to the committee, he said.

Drop-Inn buys into distributor

Star 2/7/91

By Blaise Hopkinson

Cape-based liquor retailing group Drop-Inn has bought into a Dutch company engaged in the marketing and distribution of South African wines.

The move could herald an expansion by Drop-Inn into the European market.

Drop-Inn chairman Mr Sam Berk says in the group's annual report there had been a positive response from numerous European countries indicating their interest in acquiring South African wine.

At home Drop-Inn has reported pre-tax profits up 11,5 percent on a 24,6 percent increase in turnover to R153,8 million for the year to February.

Earlier Drop-Inn reported "adverse financial trends" that included the alleged covering up of excessive stock shrinkage and other "defalcations" amounting to R746 000, which had not been discovered during the audit of the year to February 1990.

Consequently the previous year's figures had to be adjusted.

The group is to expand and upgrade its computerised point of sale system in an endeavour to control shrinkage more effectively, Mr Berk says.

Campaign in Britain boosts travel to SA

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Staff Reporter

A major advertising campaign in British newspapers promoting South Africa as a tourist destination has met with an overwhelming response, says the South African Tourism Board.

Satour's British office was receiving a daily average of 350 inquiries about travel to South Africa as a direct result of the campaign — the first major promotion by Satour since 1987.

Satour is currently trying to draw overseas tourists to the country during the winter months — and an advertising campaign in the Far East has attracted thousands of Japanese visitors who will arrive later this month.

The British campaign coincides with the announcement that several African countries are to allow South African Airways to use their air space, cutting more than an hour off flights between Britain and South Africa.

A major attraction to British tourists is the rand-pound exchange rate, making prices in South Africa a fraction of the cost in equally sunny places such as Hawaii, the Bahamas or many European destinations.

Building bridges at Nelspruit hotel

Sowetan 3/7/91 (288)

FOCUS

It's been a long, hard and bitter time in South Africa. But good things, even if they are small things, do happen between people. We hope very much that they will happen more and more. It is in this spirit that *Sowetan* publishes today the heart-warming experience of Staff Reporter THEMBA MOLEFE ....

IT was just after midnight when the three of us arrived tired, hungry, thirsty and cold at the Crocodile Country Inn on the banks of the Crocodile River.

It had been an eventful trip for Mr Vusi Manyoni, Mr Pat Seboko and me after our car nearly overturned on our way to do a story in the far-eastern Transvaal on May 21.

The accident is another story. I can only say we survived, but with two burst tyres.

The Crocodile Inn lies on one of the most wondrous parts of the Transvaal and I can here describe it only as breathtakingly scenic and serene. It is about 10km outside conservative and rural Nelspruit.

Miesies

We were greeted by an old, black man who eyed us with shock when we said we were booked at the hotel. It was obvious he was illiterate and had worked there all his life. To him white men are *baas*, white women *miesies* and blacks were boys and girls, regardless of age - and he made no bones about it. He is the security guard at the hotel.

The hotel was closed for business and I had to help him rummage through the inn's reception drawers to finally locate the checking-in list which had our names.

I asked if we could have some food and drinks as we were hungry and thirsty. He said no dice. "I cannot wake the *miesies* up for that. The hotel is closed and no one will cook for you at this hour."

We asked whether the hotel manager was available. We needed only a few sandwiches, even leftovers, and a couple of beers.

The old man saw we meant business and led us to the house of the manager on the hotel grounds, where he told us to keep out of sight as he knocked on the window.

The manager, Ms Joanne Hanekom, peered through the curtain, slightly opened the window and inquired in Afrikaans: "*Wat is die probleem?*" (What is the matter?).

He replied: "*Geen probleem nie, miesies, dis net drie boys and hulle se hulle is honger and hier geboek is*" (It's only three *boys* who say are hungry and have been booked here."

She called us out of our "hiding" place in the shadows and exclaimed: "You must be Mr Molefe, we were beginning to wonder what happened to you. Can I be of help?"

I again repeated our lament of hunger, thirst and fatigue and the sad part of being involved in the near fatal mishap.

She said: "Oh, how sad. The cook has knocked off, but I can try something."

After an hour - about 1am exactly - she and her daughter served us piping hot grilled baby chicken, rice and ice cream and biscuits. All this was meticulously laid out on three trays with starched serviettes and flowers to boot.

Meanwhile, we were sipping cold beer as we waited.

The next morning she asked whether we had eaten and slept well. We could not thank her enough.

In fact, she told us how bad a cook she was and how worried she had been that we would not like the food.

The moral of the story is this: Hanekom is white, an Afrikaner, and we are black. The hotel is in a conservative town and, frankly, we expected to fight our way, maybe even stalk out crying racism.

Somewhere out there people are trying to build bridges and in Nelspruit Ms Joanne Hanekom is one of them. And I am convinced she was not patronising.

FM 5/7/91 (288)

TIMESHARE FM 5/7/91 (288)

NIBBLES AT MABULA

The assets of the troubled Mabula timeshare resort could be sold within the next few weeks.

That's the optimistic message from Norman Moul, chairman of the beleaguered resort's shareblock company board, which represents the interests of Mabula's 3 000 timeshare owners.

His comments follow several setbacks in previous attempts by joint-liquidator Kaap-Vaal trustees to sell the assets of the liquidated timeshare operation.

The family-owned companies, which controlled the sale of timeshare units, the lodge, hotel facilities and most of the land and game before they were sequestrated five months ago, are Mabula Investment (Pty), Mabula Developments (Pty) and Mabula Holdings (Pty).

Selling the resort has been problematic and is perhaps as much a reflection of the embattled state of the timeshare business as it is the specific difficulties of Mabula.

The high-profile northern Transvaal resort is one of several timeshare operations to run in to difficulties recently. Others include Sudwala Lodge in the eastern Transvaal, where the developer, Karmeltrust, was recently declared insolvent. There are also unconfirmed reports that several smaller operators are having cash-flow problems because sales have dropped dramatically.

According to Moul, three attempts to sell the Mabula assets have fallen through.

The most recent sale collapsed last week when a would-be buyer, one of two well-known timeshare operators (whom Moul declines to name), who submitted similar bids, failed to produce the necessary financial guarantees on time, even though a short extension was allowed.

An initial offer to buy the resort for R7m-R9m was received by Kaap-Vaal when the liquidation order on Mabula was finalised in mid-May. But nothing came of it.

Moul hopes the latest negotiations will be successful but says that, as a last resort, the timeshare owners themselves have a contingency plan to buy the assets. However, he and most other owners would prefer the assets to be acquired by a commercial concern with the experience to run Mabula.

Meanwhile, Moul says the resort is functioning well under the care of the liquidator. Protea Hotels has been contracted to run the hotel-lodge.

The shareblock companies have resolved the cash-flow crisis which placed them on the brink of insolvency when the provisional liquidation order was first granted. Levies, Moul says, are "now flowing in well." He adds that a game audit was carried out after rumours of large-scale game thefts and revealed that there is still a full complement of more than 2 000 head of animals on the estate.

More importantly, timeshare owners are still taking up their unit weeks at the resort and no more than would be expected to sell in "normal trading times" have expressed a desire to sell.

Of the incomplete timeshare units at Mabula, Moul says Willem Joubert (senior), a member of the Joubert family which owned the liquidated companies (although he personally was not involved), is completing the construction in compliance with trust fund obligations. ■

ANC sacks its caterers

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THE ANC fired its caterer hours before its conference ended in Durban yesterday. S/Times 7/7/91

ANC spokesman Carl Niehaus said the catering company had been dismissed because its food "was not up to standard".

"There was a lot of unhappiness about the standard of the food, so we told them to pack up on Friday night," he said.

The contract, valued at several hundred thousand rands, was awarded to the Durban catering company Magic Pan.

A spokesman for the company could not be reached for comment.

Hout Bay complex being redeveloped

SA's first harbour-front development, Mariner's Wharf at Hout Bay, is currently being extensively redeveloped.

On completion, it will include an upstairs restaurant with sea views, a nautical boutique arcade, a recreational area and new boardwalks.

There will also be a general upgrading of facilities, including the quayside Seafood Bistro and the lobster and fresh fish markets. b/D au 10/7/91

The Mariner's Wharf and the Wharfside Grill restaurant are trading as usual during reconstruction.

The famous eating and shopping attraction was pioneered by Stanley Dorman, who has based the latest ideas on research of waterfront developments around the world. (288)

The new upstairs restaurant will seat 250 people and includes four private diningrooms and an overhanging balcony "for sundowners".

The boutique arcade will house curio, gift, chandling and clothing shops.

In keeping with its tradition, the Wharf's nautical interior design and decor will be extended to complement the local scene.

The building will also be given a maritime appearance.

Dam-side project caters for 'second home on waterfront'

B Day 10/7/91 (288)

THERE is a trend towards smaller, more secure homes, says Kondotel marketing MD Gavin Michaelmore.

"People are becoming more security conscious and are tending to move away from the larger property to the upmarket cluster homes and townhouse developments, which offer all possible amenities and improved security.".

As a result, people were also looking at opportunities for holiday homes in an outdoor environment.

"Second homes are becoming ever more popular, with groups of people joining together to form syndicates and then buying a luxury place between them," he says.

Research had shown that these "second homes" should not be more than two hours drive from the first home.

Ile d'Afrique, a waterfront development on the Crocodile River as it enters Hartbeespoort Dam, is under construction and intended to cater for this demand.

While it is not designed as a development to attract syndicates, phase one is based on an island concept and consists of 30 units priced from R350 000 to R600 000. Two units have been sold so far.

Nine different plans are offered and the variation in price depends on the size — two to four bedrooms — style and location of the unit.

"The development is aimed primarily at the 'second home' market and is just a 40-minute drive from both Johannesburg and Pretoria," says Michaelmore.

The development is set on 150ha with more than two kilometres of water frontage at the mouth of the Crocodile River. "No motor-driven boats will be allowed here and we will build our own harbour and have a boating lane onto the dam."

The company has the right to develop 250 units, and development will take place over four to five phases. In addition, rights are in place for a 100-suite hotel.

"The development will be sensitively planned so as not to disturb the environment. We have worked in co-operation with the local authorities, and the Department of Nature Conservation looked at the ecological side of this," Michaelmore says.

The group has linked up with Pam Golding Properties for promotional and leadwork.

"The development will start as a share block scheme with conversion to sectional title later. A home loan scheme is presently under investigation," Michaelmore says.

Tourism workers in US will mind their manners

CT 11/7/91 (288)

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SALT LAKE CITY, Utah — People employed in the Utah's service and tourism industries will head back to school next week to learn manners, Utah Travel Council spokesman Joe Rutherford said.

The first session of what is being called "Super-Host" will be held from July 15-20 at Park City's Yarrow Hotel and features a team of three tourism professionals from Canada's Ministry of Tourism at British Columbia.

Another 10 sites across the state will also get the training, which will educate some of the state's lowest paid workers in how to act around tourists.

Additionally, Rutherford said, the training would help workers develop pride in the state, teach them how to host a world-class event such as the Winter Olympics — which won't be coming to Utah for a decade or more — and how to provide better service to the travelling public. — UPI

Star 11/7/91

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Hotel industry in the doldrums

The hotel industry in South Africa is bankrupt, according to the July issue of Hotelier and Caterer magazine.

It says in an editorial that there are not enough guests in the rooms and in conference facilities to keep creditors from the doors.

The national occupancy rate is down to 30 percent and restaurants are not faring any better, it adds.

"There is no doubt that the economy is in a shocking mess. With winter upon us, the misfortunes of the hospitality industry seem set to hit new depths.

"The only defence many operators have against liquidation is the fact that no one appears interested in spending money, even on forced sales of establishments which appear to have no future."

The magazine says the time has come for drastic action.

"If the industry thinks gambling will help, let's have casinos. If the industry doesn't want a grading system, let's do away with it.

"If the industry wants the onerous restrictions of the Liquor Act removed, let's enlist the support of the liquor industry and make it possible for on-consumption operators to sell liquor according to the demands of the market."

It says the hospitality industry should be driven by its market rather than the Government and its public servants, who have "made a mess of just about everything else they have touched".

"Some rules and regulations are necessary, but if they obstruct progress they must be changed.

"With the next government likely to be very different to the current version, let's make it clear now that the industry wants less government." — Sapa.

Huge development on track for city

Star 11/7/91 (288)

By Louise Burgers
Municipal Reporter

Plans for a major R600 million convention and hotel centre over part of Johannesburg's decked railway lines are expected to be announced next week by a consortium of private developers.

The development, which is planned for north-west of the Johannesburg station, towards Braamfontein, would use space provided by the planned decking of the railway line and surrounding land in the central business district.

The multimillion-rand development could have major implications for Johannesburg and the rest of the country because foreign investors have been approached to provide the funding, The Star has learnt.

Planned for inclusion in the massive convention centre is a main conference venue, a 200-bed hotel incorporating five-star luxury facilities, and a luxury bus terminus.

Sources told The Star that the project was planned to be constructed over four years, for completion in about 1995.

Yesterday it was announced that the long-planned decking of the railway line on the east side of Park Station near Noord Street would go ahead.

Investigations

This will effectively link Braamfontein with the CBD, which has been dissected by the tracks for so long. Trains will continue to travel under the decking.

The SA Rail Commuter Corporation has awarded the tender to RMS Syfrets for the development, which will include retail and taxi facilities.

The company will lease the area from the corporation on a 50-year leasehold. Transnet will act as the agent.

The Johannesburg City Council is continuing with its investigations into finding a site for a conference centre it has planned to develop for years. Some councillors want the City Hall as a venue and others are punting for Newtown.

Town planning chief Eddy Magid announced in April last year that a conference centre would be ideal for the reclaimed area above the tracks.

Discussions began more than a year ago with railway authorities regarding the viability of covering the railway lines.

One source said some Johannesburg city councillors and officials had expressed reservations about the development as they were worried about whether existing infrastructure, such as the roads network and drainage systems, would be able to cope with such a massive project.

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W/Mail 12/7- 18/7/91

Tourists are flocking to a Cape nature reserve to see a group of Kalahari San. Are they being exploited, or are they partners in a business relationship that will ensure their future?

By GAYE DAVIS

"KAGGA KAMMA ... Place of the Bushmen. An evocative name, a magical situation. Imagine yourself amid the rugged beauty of the Cedarberg mountains, inhaling the crisp Karoo air, in the company of a large variety of game and, unbelievably, several families of stone-age Bushmen that have returned here to the home of their ancestors."

Thus begins the blurb on glossy brochures used to advertise a 3 700ha private game reserve 260km from Cape Town, which is now the home of what are believed to be the last surviving South African San.

Kagga Kamma's manager, Joepie du Preez, says the Bushmen are "settling down well". They order each week from the shop run by his wife Lee more groceries than his coloured labourers buy in a month, he says.

The "place of the Bushmen" lies some distance from the luxury thatched cottages erected by Kagga Kamma's owners, Paarl wine-farmer Pieter de Waal, his father, Willie and their partner, Piet Laubscher.

Huddled around a small fire of twigs set amid a collection of grass huts are a group of about 11 children, four women and a man, Hendrik Kruiper, who tugs continually at the scanty leather apron around his loins, his only attire apart from a pair of stout shoes.

On our arrival, he exhorts the group to sing for us: there is much muttering, particularly from the oldest woman in the group, known as Oulap. A blanket around her bare shoulders, she is smoking on a bone pipe, passing it to the other women, one of whom is smoothing broken bits of ostrich shell on a grindstone while another threads a necklace.

The small group around the fire are clearly "on duty" for the tourists; the others are out of sight at their sleeping quarters. In the summer they slept in the grass huts; when winter came they moved into sturdier, plastic-lined shelters hidden from view.

It is much colder at Kagga Kamma than it ever was in the Kalahari, their old home, says Hendrik, in fluent Afrikaans. But they are glad to be here and hope to die here. There was nothing for them in the old place. He has seen the rock paintings in the area: they were made by his ancestors. He and his people have since lost this art, but from skins and other materials supplied by Du Preez they make artefacts which are sold for them at Kagga Kamma's shop. Their earnings are written up in a book, against which they can buy food, says Hendrik.

"We were told we were coming to a place which was very quiet," he says. So do they mind people coming to stare at them? "No, it's beautiful."

When the children get sick "a doctor comes". They tried looking for medicine plants but can't find them here. But they eat well. Tonight it will be *"brood en pap"* (bread and stiff maize-meal porridge). He misses the truffles they used to find under the Kalahari's baked sand, but still, it is better to be at Kagga Kamma than in the old place.

GIVE AND TAKE ... Bushmen in the private game reserve of Kagga Kamma in the Cape exist as a tourist attraction in return for a place to live

Photo: GAYE DAVIS

Although the brochure describes them as "authentic Bushmen", Hendrik and his fellows have lost much of their San culture. According to Professor Hennie Steyn of the Department of Anthropology at Stellenbosch University, the group speak only Nama or Afrikaans and are no longer hunter-gatherers — they haven't been for decades.

He has mixed feelings about them being at Kagga Kamma, but believes in the integrity of the owners. "Obviously there is the possibility of exploitation, but the question that counts is whether they are better off than they were before. I can answer yes to that.

"I don't like their involvement in the tourist trade, but it's a similar situation to the North American Indians who trade on their ethnic identity to make money," said Steyn. "How many options do they have?

"They came to Kagga Kamma of their own free will and are quite happy. If they feel they are being exploited or neglected they will say so. They're capable of caring for themselves."

The group's patriarch, Regopstaan Kruiper, recently joined his sons, Hendrik and Dawid, at Kagga Kamma. Once they lived in the Kalahari Gemsbok Park; according to Steyn, Regopstaan spent four months in jail in Upington for killing a gemsbok. Asked to leave, they settled in the Rietfontein area, a nearby rural "coloured" reserve.

In 1988 they took part in the film *Red Scorpion,* shot in Namibia. They were promised a game farm of their own as recompense but the production company went bankrupt and, even though the film was finally released, they received no reward.

When Kagga Kamma's owners found them, they were squatting on a farm in Vanzylsrus, near the Botswana border. According to Piet Laubscher, they had "bogger-all" — their only income the meagre pensions drawn by Regopstaan and another elderly member of the group.

Soon they will take part in another film: *Poisoned Butterfly,* to be shot here by a Los Angeles-based producer. This time, Laubscher and the De Waals are broking a deal for them and the money they earn will be put into a trust fund.

Negotiations are also underway with Captour, Satour and SAA to take some of them overseas on a marketing exercise. No written agreement exists between the Bushmen and Kagga Kamma's owners, but Laubscher stresses they are free to leave should they wish. He concedes that the Bushmen have given Kagga Kamma a big boost, but insists the relationship is complementary: "They can't live off the veld anymore. This way, they have a future."

'Place of the Bushmen' a tourist delight?

W/Mail 12/7-18/7/91

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TIMESHARE FM 12/7/91

MABULA SUNRISE

(288)

The five-month battle to save the beleaguered Mabula timeshare resort ended at the weekend when the assets were sold jointly to Southern Sun Timesharing and Reserve Management, a syndicate of Johannesburg businessmen, for R8,4m.

The syndicate is one of two organisations to submit bids in the most recent of several attempts to sell the resort. The other bidder was initially awarded the sale but that deal fell through when financial guarantees were not provided before a deadline (*Property* July 5). The assets bought by the syndicate include all the unsold timeshare weeks with the potential to expand the resort.

It is considering upgrading the standards of the lodge and conference facilities. Reserve Management is experienced in nature conservation and management. ■

Lubner bid to block sale of Mabula Lodge

B|Day 12/7/91

MARC HASENFUSS

THE five-month battle to save the time-share resort of Mabula Lodge is not over.

Businessman and property developer Gerald Lubner has disputed last week's R8,4m sale of Mabula's assets to Southern Sun Timesharing and the Johannesburg syndicate Reserve Management.

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Speaking from his London office, Lubner said he had not been given a promised opportunity to better the offer.

He said Mabula's liquidators Kaap-Vaal Trust had confirmed in writing that he would be given the opportunity to better any other offer received.

A Kaap-Vaal document, dated May 3, reads: "This serves to confirm that we will revert to you before any offer is submitted to the Master of the Supreme Court, to give you the opportunity to better any offer that may be acceptable to creditors."

Lubner originally saved Mabula from

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Mabula

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□ From Page 1

being auctioned off by putting in a R9m offer to purchase.

Yesterday he confirmed that an application for an interdict stopping the sale had been lodged with the Master of the Pretoria Supreme Court.

Lubner said his offer was initially queried because the liquidators felt he had no experience in nature conservation. To overcome this, Lubner bought a share in Sanbonani Game Reserve on the condition that an offer would be made to purchase Mabula. A joint offer of more than R9m was made by a consortium consisting of Sanbonani and Zurich-based firm Jardine Resources.

The sale was awarded to the consortium but fell through when Jardine Resources could not provide financial guarantees before the required deadline.

Lubner said this did not absolve Kaap-Vaal from the original agreement.

He said he had advised Kaap-Vaal that he had financing and was able "to come up with the money anytime it is needed".

A statement from First National Bank confirmed that Lubner had R12m in place to finance the acquisition of Mabula.

Kaap-Vaals liquidator Ben de Wet was not available for comment this week. A Kaap-Vaal spokesman would not discuss the matter. He said: "Lubner must take the steps he deems fit."

The town the province forgot

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Argus 13/7/91

JANIS FRASER

Weekend Argus Reporter

THE fed-up folk of beautiful Franschhoek are calling themselves the people the province forgot.

Cut off from the main tourist route three weeks ago by the Berg River bridge washaway on the road between Stellenbosch and their historic Huguenot town, business has taken a nosedive.

And the bad news from the Provincial Roads Department is that the temporary Bailey Bridge they've promised will only be built in three months. At the same time economic cuts have put the planned permanent new bridge on the shelf for another three years.

Town Clerk of 25 years, Mr Meyer Siebritz, said this week: "It's the worst natural disaster Franschhoek has experienced. But what can we do? We've contacted the Regional Services Council, the Provincial Administration and the provincial roads engineer and they say there's nothing they can do for three months."

But angry business people, whose life blood is cash from out-of-town visitors, are accusing the provincial authorities of dragging their heels.

"If an army at war can get a Bailey Bridge over a river in a matter of hours, why on earth should it take three months for us?" asked one farmer whose produce delivery costs have rocketed.

Mrs Clair Pienaar, who owns the Pippin Farm stall, where profits have plummeted 50 percent since the bridge collapsed, said her brother-in-law's farm near Mtunzini was one of those cut off when Cyclone Demoina devastated Zululand in 1988.

"Within days they converted the railway bridge into a road bridge. Why can't they do the same thing here?"

She said only after the washaway did she realise how much Franschhoek's everyday businesses depended on people from Stellenbosch, normally only a 20-minute drive away.

"Now it's a 70km drive for them, through Paarl. They're not going to do that."

She said her builder husband Dennis, who has work in progress on the far side of the shattered bridge, had resorted to leaving his bakkie parked at the riverside, walking over the railway bridge and then walking three kilometres to his work site. "Not funny in the pouring rain".

The Vignerons de Franschhoek wine centre, which markets wines from local estates, had the same sad story. The centre was deserted when the Weekend Argus team arrived.

Mrs Elize Malherbe and Mrs Susan Hugo said business was down by 50 percent or more. As many as 100 people normally came to the centre on a Saturday; even on a quiet day 50 would arrive to buy wine. "Last Saturday there were 25," Mrs Hugo said.

"The whole of Franschoek is complaining," added Mrs Malherbe.

She said tourists normally made a day trip from Cape Town to Stellenbosch and then on to Franschhoek. "Now they get as far as the broken bridge and go back to Cape Town. They can't be bothered to go back and then do that extra 35km through Paarl."

All along the picturesque little main street, the story of drastic cuts in profits was repeated.

Peter Huxter, whose Le Quartier Francais is one of the country's top 10 restaurants, said: "Look at the book. This time last year we had 21 people for lunch — today there are 10. On a Saturday a year ago we had at least 25, last Saturday there were 12."

And why, he queried, did the province need to build a major two-lane bridge over the Berg River. "Part of the quaintness of coming to Franschhoek was waiting and crossing the one-way bridge. We would like to convince the authorities to leave it simple rather than a huge two-lane affair."

Craft workers from all over the district supply Mrs Erna Schafer's Les Halles gift shop. "It's affecting them as well as me," she said. "Most of my customers are from Stellenbosch and Somerset West. Even last week, when we had some marvellous sunny days, no one came."

In La Vie restaurant over the way the fire was burning in the grate and the soup was simmering — all for a handful of customers.

"Trade's down by more than 50 percent," said owner Miss Susan du Plessis.

One diner, who didn't want his name used, said he was convinced the disused railway bridge could fill the gap. "They just need to build it up over the lines. It's the simple solution.

Town Clerk Siebritz disagreed. "That's the first suggestion we made to the authorities. They turned it down, they said the bridge was not in good condition."

Deputy Provincial Roads Engineer Mr John Blignaut said the wet Cape winter and the width of the river were the factors holding up the erection of the temporary bridge.

"The problem is a new pier must be built in the middle of river to support the Bailey Bridge and we can't work while the water is so high."

The Bailey Bridge still had to be transported from Pretoria, he said.

"Over the last decade a lot of bridges have been lost in floods. The Department of Transport and the government decided to purchase equipment to serve the whole country. It is centralised in Pretoria."

There's an ironic twist in all of this says antique dealer Mrs Christine Calder. The name Franschhoek, translated from Dutch, means French corner and dates back to 1688 when Huguenot refugees, who had fled religious persecution in France, settled there.

Now the people of Franschhoek are feeling persecuted as well. Mrs Calder has closed her shop Calderwoods until the bridge opens. "There were no people in the shop at all".

☐ It is still possible to reach Franschhoek by taking the N1 and turning off near Paarl.

Pictures: WILLIE de KLERK, The Argus.

Restaurateur and chairman of Franschhoek's tourism association Mr John Huxter on the brink of the bridge washaway which is cutting off the vital tourist trade. "Franschhoek is being strangled," he says.

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Franschhoek town clerk Mr Meyer Siebritz. The bridge washaway is the little town's worst natural disaster, he says. "And there's nothing we can do about it."

Business in Franschhoek is so bad that antique dealer Mrs Christine Calder has shut up shop until the bridge is repaired. "That's three months without income," she said.

MONITOR

Chris von Ulmenstein

Aag 13/7/91

Shebeens important to liquor retailing

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DESPITE recent political changes, shebeens and taverns are likely to retain their growing importance as retailers of liquor.

Township residents prefer shebeens to taverns, mainly because of the positive contribution shebeens make to the community, and because taverns have become the symbol of legislative control exercised over township liquor selling activities. This view was expressed by Dan Fletcher, Public Relations Office and executive member of the Taverners and Shebeeners Association, at an Executive Insights presentation hosted by Y & R (Cape) last month.

Mr Fletcher described the role of the shebeen as an important one, in offering members of the community the opportunity to meet and share not only their drinks but also knowledge and experience with each other — in Mr Fletcher's words "the home university of the informal sector".

He felt that this type of liquor outlet deserved anything but police harassment, and the negative image among the uninformed of shebeens being "iniquitous dens".

He urged "white" business to make a contribution to shebeeners by sharing with them much-needed management skills — not through training courses held in hotels but by means of hands-on training and guidance inside the shebeens.

Gear change needed

THE Nedcor/Old Mutual South African Scenarios focus on alternative political, economic and social outcomes for South Africa in the next five years.

The scenarios were developed in 1990 by a team of academics and businessmen, under the chairmanship of Bob Tucker, former MD of The Perm.

Key factors impacting on the scenarios were the declining price of gold foreseen by the scenario team, the isolation of South Africa due to a growing Aids problem and rising unemployment levels.

Of the three scenarios presented, the upside scenario projecting growth of 3 percent a year and predicting the lifting of sanctions, was seen to be inadequate for the transition and would not meet black expectations.

The desired scenario was the team's "change of gears" scenario, based on investment by both business and private individuals in the black community (through housing, electrification, skills development, attention to the Aids problem and health care), and developing South Africa's exports.

This scenario is however, only possible with greater taxes and participation by an involved and concerned government, and focuses on solving South Africa's social and economic problems in particular.

Users can also access up to date balances and ...
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Flutter of fear in hotel hen-coop

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when Mr Arthur Gillis, managing director of Protea Hotels, said the hotel industry in South Africa was "bankrupt".

"We're going to the wall with smiles on our faces," he proclaimed.

Others in the hotel industry disagree. Struggling, definitely, they say — but not bankrupt.

"I certainly can't align myself with Mr Gillis's statement," said Mr Selwyn Hurwitz, chairman of the Karos hotel group.

"Things are tougher than they have been for years.

"The Gulf War stopped the flow of tourists and the recession has cut down executive travellers and the conference business, but we're seeing light at the end of the tunnel.

"The lifting of the sports boycott will make a great difference in a couple of years. I'm not despondent."

Mr Theo Behrens, vice-president of Fedhasa, said the "bankrupt" claim was an overstatement.

"The picture hasn't been good over the last two years," he said.

"Apart from the recession and the Gulf War, there has been a change in the South African market.

"People just don't go to hotels on holiday for three weeks a year as they did two decades ago, probably because of the cost.

"For international tourists, all the signs are that things will pick up this year, from September onwards."

Mr Gillis also claimed that average occupancy this year is as low as 30 percent. Others dispute it.

But it is known that average occupancy last year was 52,7 percent — down from 60 percent in 1976. There are 1 261 hotels countrywide, and the number of rooms has declined by more than 3 000 in the last two decades — a sure sign of malaise in the industry.

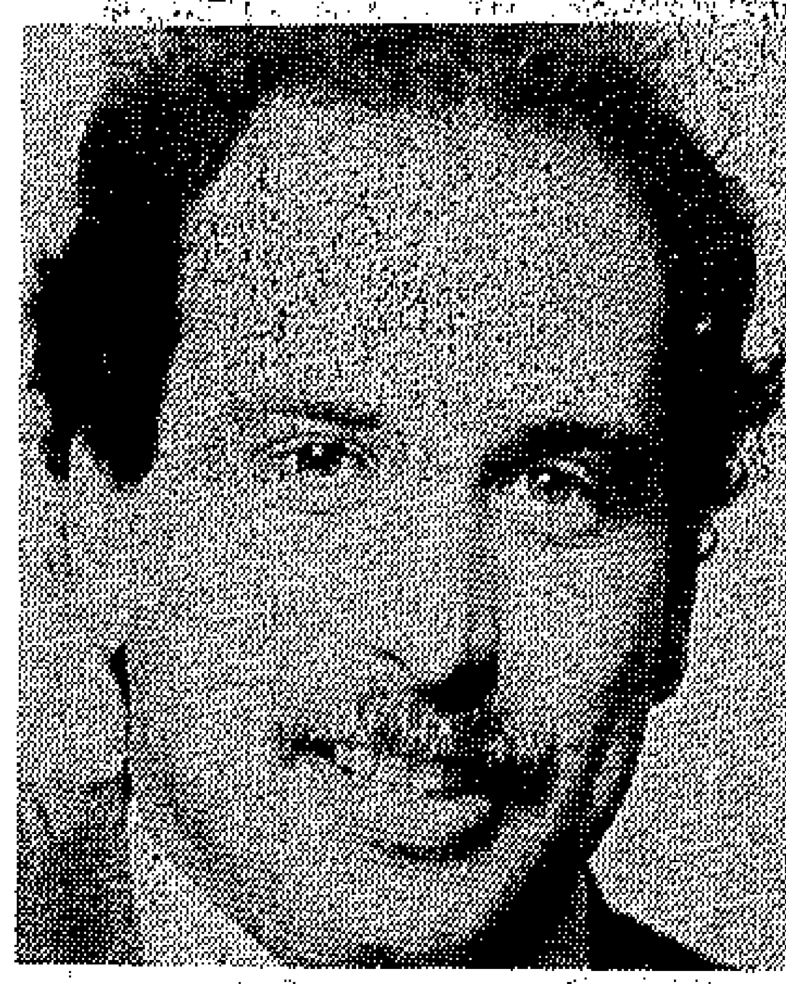
There are other signals: there is no record of how many hotels actually went bankrupt, but last year no fewer than 51 went out of business — 24 of with minimum standards.

Mr Theodore Yach, managing director (commercial) of the Seeff group, has 80 hotels on his books. They're slow movers: "Only one sale is being negotiated," he said.

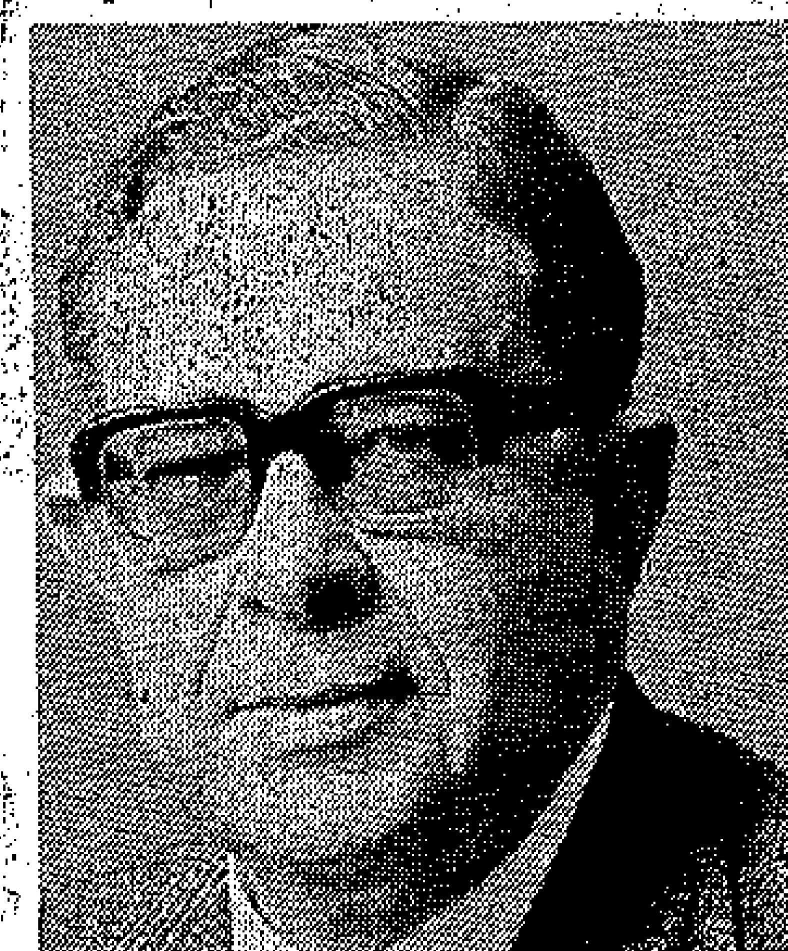
Hotels in the biggest trouble are the small two and three star establishments, he said. "There are some excellent small hotels, but it's all a question of management.

"If an hotel is properly managed and properly marketed it should break even, although times may be bad."

One such establishment is the two star Tudor Hotel in Cape Town.



Mr Arthur Gillis



Mr Theo Behrens

Owner Mr George Diebold admitted occupancy was down 20 percent in the last few months, but added: "I'm not bankrupt."

The independent hotels also stand or fall by tight management.

Mr Allan Joffe runs the two star Regency Hotel in Sea Point, a family hotel where it is possible to get a four-bed family room for R290 a day during the season.

"Things are a bit sluggish, but occupancy has hovered around 50 percent," he said.

Mrs Nicky Fitzgerald, owner (with her husband) of the luxury Bay Hotel in Camps Bay, admitted that occupancy this winter had been "suicidal".

"Several foreign groups cancelled during the summer — Americans in particular just weren't travelling. We saw on CNN how flights were being cancelled, not just to South Africa but everywhere.

"But I'm feeling very positive. Bookings are picking up, we're 35 percent booked for September already which is a very good sign."

The Mount Nelson in Cape Town is in a class of its own, helped by a lot of history and glamorous jet-set links with the Orient Express.

General manager Mr Nic Seewer said occupancy had been down 10 percent during the Gulf War but that he was "quite happy" with a 60 to 64 percent occupancy over the year.

Utasa puts sparkle in taverns

Cit Press 14/7/91

(288)

Ramongalo Moatshe ... Utasa can help.

DOES your ailing township tavern need an injection of management skills?

Would you like to start a liquor business and make it really work?

If you do, the recently-formed United Taverners' Association of South Africa (Utasa) can help you.

Utasa chief executive Ramongalo Moatshe said the organisation's mission was to "facilitate and promote the creation of economic opportunities" for black entrepreneurs in the liquor industry.

It offers member taverners benefits like financial assistance to set up or improve an existing tavern; facilitates licence applications; provides legal assistance and arranges various insurance schemes – including a funeral benefit fund and medical and pension fund.

Many taverners ran into financial trouble after they registered their businesses because of the cost of altering the premises to comply with certain regulations.

"Many taverners have not been successful because they lack business skills," said Moatshe.

"We organise them to understand the business side of the liquor trade, show them how to manage money and become profitable."

Utasa also stepped in to help members with failing businesses who wanted to get back on their feet, said Moatshe.

Training courses were also offered from Utasa's offices in Randburg, including business courses in management, marketing, economics, accounting, sales and computer training, he said.

Courses begin in August and are open to the public, but Utasa members benefit from reduced rates.

Indications are that Utasa will forge links with Nafcoc.

Interested? Phone Utasa at (011) 476-7211.

Hotels can expect a boost ... but not yet

Bday 16/7/91

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MARCIA KLEIN

SA's hotel industry would not recover from its slump this year, but medium- to long-term prospects remained good, Fedhasa executive director Peter Hearfield has said.

The industry would need an average occupancy level of 60% at a reasonable room rate in order to make a modest return, he said yesterday. From January to December last year there was an average occupancy rate of 52% in all categories, and this year occupancy would probably reach a maximum of only 50%.

The situation this year was exacerbated by the Gulf war and the recession. Hearfield said the corporate traveller was usually the core user of hotels and movement in this market had been quiet.

There was no doubt that the industry was going through a rough patch, and Hearfield said no matter what happened in the second half, it did not have the time this year to make up for losses in recent months.

However, he said there could be a dramatic change in the next few years.

With the lifting of sanctions and a possible end to the violence in SA, the industry could recover in the medium- to long-term.

Hearfield said the industry was also in need of help from the outside, and government should consider export allowances for the promotion of tourism overseas.

"Tourism could be a big foreign income earner and it provides jobs," he said. Although tourism was a less tangible export item than manufactured goods, he said export allowances should be encouraged.

Hearfield believed that a number of industry leaders had set up meetings with various departments to discuss this issue.

Government should also "at least double its grant to the SA Tourism Board (Satour) for it to promote SA", he said. More money was needed for its marketing efforts, and the latest advertising campaign by Satour and SAA which recently ran in the UK was proof that advertising SA as a tourist destination did work.

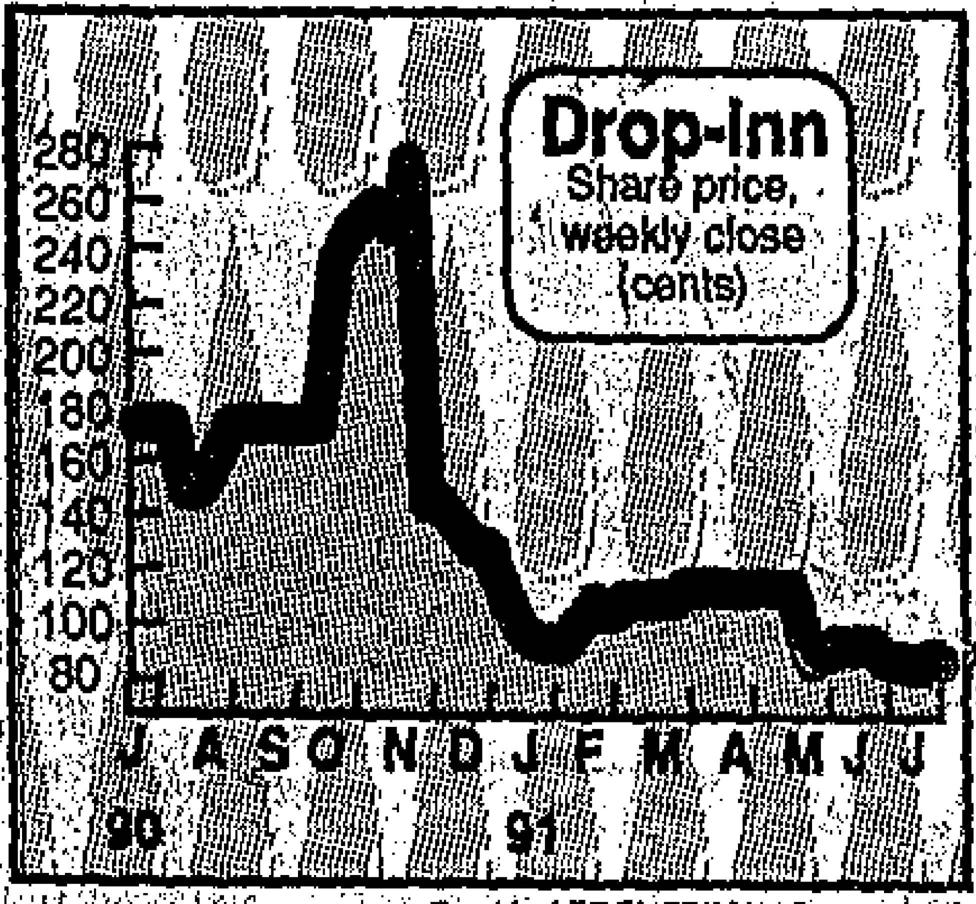
With SA re-emerging as a world player, he said the country would also a competitor in the international market of tourist destinations, and it needed promotion.

R1,7m missing at Drop-Inn

B/Day 17/7/91

LINDA ENSOR

CAPE TOWN — Drop-Inn lost about R1,69m through stock thefts and possible misrepresentations about prepaid ex-



Graphic: LEE EMERTON Source: INET

penses, shareholders learnt at the liquor chain's AGM yesterday. (288)

Chairman Sam Berk and Drop-Inn director Abe Swersky said criminal or civil actions were under consideration.

They said the role of the auditors — who appeared to have accepted misrepresentations from a member of staff about prepaid expenses at face value without further investigation — was being probed to see whether it was actionable.

It was possible that a certain amount could be recovered from the auditors as the expenses itemised as prepaid in the 1990 financial year were not in fact prepaid and should have been written off in

☐ To Page 2

Drop-Inn

B/Day 17/7/91. (288)

☐ From Page 1

that year, Swersky said.

An investigation had been undertaken by outside auditors with a view to criminal action and a claim for damages, Berk said.

The people responsible for the alleged thefts between 1989 and early 1991, had been identified but their financial status did not promise the recovery of the amounts misappropriated. However, a "substantial" amount could be recovered by alternative means, Swersky said.

Berk and Swersky were reluctant to reveal details of the "defalcations", saying that to do so would be prejudicial to the interests of shareholders as proceedings were at a delicate stage.

The effect of the thefts was to deplete the reserves of the company and to reduce the year-end after-tax profit. Stock losses were estimated at R1,3m, R360 000 in the year to February 1990 and R940 000 in the 1991 financial year.

It appeared that misrepresentations to the value of R386 000 were made in respect of prepaid expenses. Berk said the misappropriations had been discovered when the cash flow did not meet projections.

On questioning by SA Shareholder's Association chairman Issy Goldberg, Berk admitted that the effect of the misappropriations on reserves had made him realise that it had not been a good idea to to pay 120c in capital in December after the sale of property at a profit of R2,7m.

Goldberg said the failure to take out fidelity insurance was a "grave oversight".

Berk said the undistributable reserves had increased to about R800 000 by end-May from R435 000 at end-February. An overdraft of R6m had been wiped out in the first few months of this financial year and Drop Inn now had R4,5m cash. It was hoped that by year-end the company would be earning a substantial amount of interest, he said.

He said some dividend, however small, would be paid this year. The first four months had generated a turnover of R4m but trading conditions were extremely tough and margins were under pressure.

Chinese-SA tourism links set to take off

Star 18/7/91 (288)

By Michael Chester

Families from China may soon be joining the growing flow of international tourists who will get their first glimpse of South Africa in a post-apartheid era.

The People's Republic of China has sent its first special tourism team to explore South Africa's potential as a holiday destination.

With a booming economy, more and more Chinese are travelling abroad and, via Hong Kong, this country is only a matter of 12 hours' flying time away.

The SA Tourism Board (Satour) confirmed yesterday that China's largest tourism bureau had established contacts with holiday experts in Johannesburg, Pretoria and Cape Town.

Satour said the study team had arrived to discuss handling bigger flows between China and South Africa.

The Beijing-based travel service, which runs a network of 138 holiday-advice offices, has welcomed South African tourists via a branch in Hong Kong since August 1989.

Beijing plans to pursue closer tourism links by sending in a second delegation, which is expected to arrive in the next few weeks.

Satour also announced the presentation of a special "Tourism Ambassador" award to Gospel singer Bobby Michaels, who held several concerts in Soweto and Crossroads in the 1980s as the guest of Christian Artists.

Czechoslovakia also intends to promote more two-way tourism and trade flows.

The Prague publishing group Economia has dispatched two of its senior executives — Dr Michal Kuzmiak and Bohumil Horak — to prepare a special supplement on closer ties with South Africa.

Muggers 'driving tourists from city'

(288)

ARGUS 19/7/91

CLIVE SAWYER
Staff Reporter

MUGGERS are driving tourists out of Cape Town.

Hotel manager Mr Wim de Haast says he knows of 22 central business district (CBD) muggings in the past two months and of three foreign tourists who packed up and left within hours of being attacked.

The problem of muggings and their effect on the tourist industry came under the spotlight yesterday at the Western Cape regional congress of the Federated Hotel Liquor and Catering Association (Fedhasa) in Sea Point.

Mr De Haast, manager of the St George's Hotel and chairman of the Fedhasa tourism committee, said tourists were cutting short their visits to Cape Town because of muggings.

A Far East businessman who came to Cape Town on the first Cathay Pacific flight was robbed of R1 200 in Strand Street.

"He was robbed at 7.30pm and flew out the following day. No business was done," said Mr De Haast.

The same day, a Swiss couple were robbed in St George's Mall during the afternoon and cut short their tour, also leaving Cape Town the following day.

The police tourist unit was based in the docks, much too far from the CBD to combat inner-city mugging effectively, said Mr De Haast.

Their hours, from 8am until 4.30pm, had made it a "cushy job" until they were extended to 11pm.

During an investigation of a new site for a satellite police station to be funded by a major hotel chain, the traffic police office in St George's Mall and a third floor Exchange Place office were suggested, but neither was acceptable to senior police officers.

The police objection to the traffic police office, which is to be vacated soon, was that it was too public.

In the meantime, crime was driving tourists away.

"We are already playing 'spot the tourist' and it is likely to get worse," said Mr De Haast.

He said police had rejected his figure of 22 muggings in two months in the CBD at a meeting.

"I was told they only knew of three for which they had case numbers," he said.

Regional chairman Mr Angus Dodds told the congress that muggings, township violence and the continuing recession had dealt severe blows to Cape Town tourism — and a mis-timed Cape Festival had not helped.

The industry had improved "slightly" since last year, but had been retarded by the Gulf War and township violence.

Domestic travel was hampered by the general state of the economy, said Mr Dodds.

While some had called the Cape Festival a success, it had not met its original goals. These were to extend the summer season and draw tourists.

"The festival drew only the local populace and did not extend the season," he said.

Plans for another festival should be postponed until 1993 so that it could be properly organised and funded.

"I can only hope members of the festival committee take into account the reason for it when organising it," said Mr Dodds.

The issue of smoking in restaurants had been raised again, he said.

"I appeal to you to do something on a voluntary basis before more rules and regulations are framed to strangle our business."

● Mr Dodds was elected chairman for the fourth consecutive year. Mr Ian Rubin was re-elected vice-chairman. The rest of the committee is Mr Wim de Haast, Mr Butch Wykerd, Mr Nick Podmore, Mr Aldo Giroldo and Mr Nick Seewer.

Muggings drive off tourists

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CT 19/7/91

By AUDREY D'ANGELO and DANIEL SIMON

MUGGINGS are driving tourists away from Cape Town's central business district, the general manager of the St George's Hotel, Mr Wim de Haast, said yesterday.

He told the annual meeting of the Federated Hotel, Liquor and Catering Association (Fedhasa) that the tourist police patrol had till recently been working only from 8.30am until 4.30pm and were refusing to move into an office in St Georges Street Mall from their present headquarters down in the docks.

Mr De Haast said 12 more policemen had now joined the police patrol and they were working until 11pm.

But their brigadier had refused a suggestion that they should move into the kiosk in the mall now occupied by traffic police — because he wanted them to have a lower profile.

Mr De Haast said an alternative office had been found for them in Exchange Building, but I understand the brigadier does not like that either because he thinks they would be too noticeable."

The Mayor of Cape Town, Mr Gordon Oliver, commented: "I think it would be better to prevent muggings with an obvious police presence than to be unobtrusive in the hope of catching offenders."

● The tourist police yesterday disclosed that crime in the CBD, especially where tourists were concerned, had dropped by about 75% over the past three months.

Cape Town district police commissioner Brigadier Phillip Delport ascribed the drop to a more visible police presence in the city centre.

Brigadier Delport said the combination of the Tourist Unit together with the undercover "takkie" squad had helped a great deal in minimising muggings and petty theft in the CBD area.

'Cash needed' to sell SA tourism

GERALD REILLY

288

PRETORIA — SA tourism was hopelessly underfunded to mount the kind of advertising and promotional campaigns justified by its vast foreign tourist potential, industry leaders said yesterday.

Fedhasa executive director Peter Hearfield said a more assertive campaign was urgently needed to kick-start SA's hotel industry.

Average hotel bed occupancy last year was 52% and it fell in the first quarter of this year by another 11%. For the year as a whole the occupancy rate would fall below last year's "totally unsatisfactory level", he said. BDay 19/7/91

Satour executive director Spencer Thomas said his organisation agreed that the effort to market SA as an international tourist destination had to be intensified and adequately funded "if we are to get anywhere close to the potential".

In real terms Satour was now spending less on advertising and other promotional efforts than in 1983.

Thomas said the ailing hotel industry's mainstay — domestic tourism and business travel — had been badly eroded by the recession.

However, there were indications that SA tourism could expect an upswing from September.

Tourist outlook bodes well for port — Basson

286

CT 23/7/91

By TOSH LEVETT-HARDING

THE lifting of sanctions could prove a tremendous boost to the port of Cape Town with a sharp increase in the number of ships calling — which could swell the tourist trade with financial benefit to the docks.

This was forecast by the port manager of Portnet, Mr Rudi Basson, who added: "We are not likely to see a big volume increase in cargo — but we will most likely see many more ships calling for bunkers, ship repairs and supplies, which will be of obvious benefit to the port.

"I think most of the ships that did not call previously were put off for political reasons but will be happy to visit us now."

Mr Basson drew attention to the large number of liners which had called recently, largely because of the Gulf war.

"Passengers saw the beauty of this country and I feel they will be keen to return: we could see a lot of chartered cruise liners making their way here because Cape Town has so much to offer with its fine climate and marvellous scenery."

Mr Basson is a civil engineer and admits he is "not a marine man" even though he is port manager.

"In fact I spent many years in the platteland; three of them at Beaufort West — well away from the sea and sailors — but I did well in business management training and was happy to be appointed port manager."

That was more than three years ago.

Mr Basson is a board member of the Victoria & Alfred Waterfront Development Company and says he was one of those responsible for "getting the project off the ground", working with the chairman, Professor Brian Kantor and managing director, Mr David Jack.

TOURISM POTENTIAL ... Cape Town port manager, Mr Rudi Basson, welcomes the lifting of sanctions, which could bring improved trade to the docks.

Success

He added: "I was involved in clearing a site for the company with the support of the Cape Town port officials as well as many Capetonians."

Mr Basson emphasised that this development had become one of the greatest projects Cape Town had seen and would grow to achieve greater success still.

He concluded: "I am proud to have had a big hand in getting this show on the road."

Platteland hotels suffering

(288)

CT 23/7/91

PORT ELIZABETH. — The drought, which has crippled farms across large parts of the Eastern Cape, is now paralysing platteland hotels.

Many owners would sell if they could find an offer, said the Fedhasa's regional director Mr Mick Dwyer.

The drought and the economic downturn have produced the crisis in the hotels.

Not only are farmers using them less, but many commercial travellers are off the road.

"Hotels are suffering dreadfully from the effects of drought in places like Jansenville, Steytlerville, Klipplaat, De Doorns, Middelburg and Cradock.

"Hoteliers there are saying: 'Make me an offer (to buy) and I'll probably take it'. On top of the drought, they do not really have a tourism infrastructure." — Sapa

CT 24/7/91. (288)

White Paper on tourism soon

PRETORIA. — Tourism Minister Mr Org Marais said yesterday that his department would issue a White Paper on tourism in response to a report on the industry released by Satour and the Development Bank of Southern Africa.

The report on "a strategic framework for tourism development" was released yesterday with a view to maximising the tourism industry's contribution to the socio-economic development of South Africa.

Dr Marais said the government recognised tourism as a major source of earnings and employment for the country, and that the state intended to facilitate its development so that it could realise its full potential.

The report recommended the establishment of a cabinet committee responsible for tourism, to be chaired by Dr Marais. It also recommended the founding of a Tourism Industry Training Board.

The report said Satour should be restructured to concentrate on developing, facilitating and co-ordinating tourism and should continue marketing South Africa abroad as a tourism destination. — Sapa

Fancourt's sales ahead of schedule

FANCOURT, the hotel and country club estate at George, is expected to have a cost-escalation resale value of R380m by completion in 1994. (288)

The R273m project — brainchild of André and Helena Pieterse — includes a 27-hole championship golf course designed by Gary Player.

Having already achieved more than 100 sales, Fancourt is well ahead of schedule, and both hotel and golf course are in use.

"Overseas interest to date has been encouraging, with 60% of the buyers coming from that source," said Pieterse, who brought the concept of multiple cinemas to this country for Ster Films, which later merged into Ster-Kinekor.

Fancourt is unique in SA in that it is for the exclusive use of members, who must be property owners, their guests, or hotel residents. "No stay — no play," says Pieterse.

The theme of ownership is corporate or partnership. For example, a syndicate of eight can own a two-bedroomed lodge, 12 a three-bedroomed lodge and 16 a four-bedroomed lodge.

The syndicate becomes a closed corporation.

TERRY LOFTHOUSE

Corporate memberships range from eight, 10 and 12 partners in lodges that cost R1,75m (four bedrooms), R2,25m (five) and R2,5m (six). BDay 24/9/91

The larger units have greater facilities and entertainment areas.

At last weekend's on-site gathering of media and potential purchasers it was disclosed that four phases of the plan will involve the construction of 70 lodges a year for four years.

Murray & Roberts has been contracted to build the second phase, following Group 5's contract of 138 units for the first phase.

There is wide use of yellowwood and stinkwood in the classic design of the properties.

The hotel, tastefully decorated in the Cape colonial style, has 126 bedrooms, which include 30 en suite and 96 garden suites.

A joint plan for tourist trade

Sowetan 25/7/91

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A REFOCUSING of South Africa's tourism industry is needed to ensure stable and planned growth in the future.

This is the gist of a report released by Satour today. The report was produced by Satour and the Development Bank of Southern Africa.

It contains a number of recommendations which can have far-reaching implications on the tourism industry, not only in South Africa but also in Southern Africa.

The major recommendation of the report, titled "A Strategic Framework for Tourism Development in South and Southern Africa", is the establishment of a Cabinet committee.

This committee will facilitate the co-ordinated management of tourism by public sector institutions on a national basis.

Other recommendations contained in the report are:

* The establishment of a community-driven structure to facilitate interaction by all participants in the tourism industry; and

* The repositioning of Satour domestically to fulfil a development facilitator role.

The report was drawn up in consultation with the travel industry, regional authorities and the public sector and addresses critical issues identified by these sectors.

According to the Minister of Trade and Industry and Tourism, Dr Org Marais, his department will consider the proposals in the Satour report and the Board of Trade and Industries report on tourism released in September last year.

A White Paper will then be issued which will outline the Government's response to the reports.

Fedhasa breakthrough

(288) CT 25/7/91

JOHANNESBURG. — In ~~yet~~ another breakthrough for South Africa, Fedhasa — representing the country's hotel, restaurant and liquor industry — has been reaccepted as a full member of the International Hotel Association (IHA).

The restoration of full membership after a decade sets the scene for a larger influx of international tourists, Fedhasa executive director Mr Peter Hearfield said in a statement here yesterday.

Mr Hearfield has also been accepted as a member of IHA's chief executives' advisory group which influences policies on global tourism, air travel and hotel matters.

SA's readmission was confirmed during a visit by Mr Hearfield and Fedhasa president Mr Johan van der Linde to an IHA meeting in Stockholm last month.

The first tangible benefits will be seen in October when the British Hotel and Restaurant Caterers' Association sends a delegation to SA.

Similar visits from other countries will follow.

Hotel group re-admitted

Sowetan 26/7/91

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THE Federation of Hotels Association of South Africa, representing the country's hotel, restaurant and liquor industry, has been re-accepted as a full member of the International Hotel Association.

The restoration of full membership after a decade sets the scene for an ever-increasing influx of international tourists, says Fedhasa's executive director Mr Peter Hearfield.

In a related development, Hearfield has been accepted as a member of IHA's chief executives' advisory group which influences policies on global tourism, air travel and hotel matters.

Meeting

South Africa's readmission was confirmed during a visit by Hearfield and Fedhasa president Johan van der Linde to an IHA's meeting in Stockholm, Sweden, last month.

The first tangible benefits will be seen in October when the British Hotel and Restaurant Caterers' Association sends a delegation to South Africa.

Heartfield said similar visits from other countries would follow.

The spin-off benefits would be seen in many ways, he said.

"The IHA is the most powerful hotel and tourism body in the world, with a significant say in the global multi-billion rand industry.

"Our membership of the association means South Africa's bona fides as a tourism destination are recognised.

"We are seen as an industry with internationally acceptable standards and one with people who can equate with the best anywhere." – *Sapa.*

Forte ponders return

S Times (Bus Times) 28/7/91

(288)

Business Times Reporter

INTERNATIONAL hotel group Trusthouse Forte, which was ahead of most disinvestors when it pulled out of the President Hotel in Johannesburg and the Park View and Edward in Durban more than 10 years ago, is taking a serious look at the South African market.

The 850-strong hotel chain would probably return firstly through a management contract for a hotel.

The group, which has been renamed Forte Hotels, developed and operated the President when it was SA's premier hotel.

"If the right property becomes available we will look at it," says James Beard, strategic development manager for international hotels in Forte. He is on his fourth visit to SA in 18 months.

Mr Beard says SA is an important market for Forte hotels around the world and the group has strengthened its sales drive here.

BDay 29/7/91

Tourists are vital to boost wine exports

A RECENT tour of the German winelands together with an opportunity to look at the wine training offered by Lufthansa to its trainee cabin attendants, raised many issues of growing relevance to SA.

Several of the most important German wine regions are as close to Frankfurt as Paarl and Stellenbosch are to Cape Town. An hour's drive takes you from the airport to the Rheingau and Rheinhessen, to Schloss Johannesburg and Kloster Eberbach. Another hour in the same direction brings ~~you~~ to the heart of the Mosel. (288)

The importance of these wine regions over the centuries, together with the traditions which have grown up around each town, have created a powerful tourist momentum. This in turn creates an export market. Germany's premium wines sell because of the near universal respect in which they are held by experts. The less expensive, high volume sales result in part because wine drinkers have a tourist feel for the wine country.

As SA moves away from international isolation, the wine industry is looking to exports as the *deus ex machina* which will save the Cape from over-production. The hotel trade, already battered by Gulf war cancellations, prays for a travel boom.

SA's boutique wine producers will profit immediately from the end of sanctions: six export markets each buying a thousand cases from each of the country's top 50 wine farms will draw 20-30% of SA's premium wine volumes. If all this were to happen however, it would amount to only 1% of the country's annual wine consumption and less than a third of 1% of the Cape's wine harvest.

SA will begin to move large volumes of its surplus only if the wines are priced competitively and if there are core groups of consumers in each country with a tourist's happy memories of the Cape. We know that Paarl, Stellenbosch and Constantia have the most spectacular vineyards in the world. I suspect, however, that we are many years behind the professionalism I encountered in Germany.

The tours organised by the German Wine Institute are well managed. The tour guide was well-informed, fluent in English, amusing and gently self-deprecating. The German Wine Institute also offers week-long programmes for visitors who want to cover all the wine regions in a more in-depth way. These are surprisingly inexpensive and suggest that the organisers recognise the export benefit. Lufthansa's training programme was more thorough than anything offered to wine stewards in SA hotels. The course book would do credit to the best of our wine academies.

If SA wishes to capitalise on the end of sanctions, we have very little time in which to gear ourselves up for the modern world.

MICHAEL FRIDJHON

VAT levy for holidays booked now

Star 29/7/91

288

THE STAR
VAT
WATCH

12% VAT

By John Miller

The cash-strapped, would-be holidaymaker who was unable to book his Christmas getaway before June 12 will have to pay VAT, even though the system only comes into operation at the end of September.

Trevor van Heerden, chief director of tax policy developement for the Department of Inland Revenue, said any contract entered into after June 12 which involved the rendering of services was subject to VAT even if it was booked and paid for.

Les Smith, director of Finance Southern Suns and Holiday Inns, said people booking holiday packages and accommodation will have to pay VAT though the group's new rates had not been decided.

"Because of the state of the hotel industry and occupancy levels down to about 50 percent, 5 percent lower than this time last year, we will be forced to pass on the full 12 percent".

He said the group did not believe in discounting as this caused problems and resistance when it resumed normal price levels.

Arthur Gillis, MD of Protea Hotels, said there would be a saving on all rates after September 30, depending on the package.

A spokesman for the National Parks Board told The Star that the financial committee will meet next week to decide on VAT tariffs and any input credits that can be passed on to the consumer.

The spokesman said the board was not there to make money or a profit out of VAT. However, all bookings were subject to price increases.

South African Airways has been one of the few companies not to pass on the full 12 percent when it announced on June 27 a domestic fare increase of 3,9 percent effective at the end of September.

Professional Catering

A Star feature

Making a meal of new trade opportunities

(288)

Star 19/7/91.

The entry of more international carriers into South Africa, following the arrival of Cathay Pacific and Austrian Air in recent months, holds much promise for an industry which has long borne the immediate brunt of economic sanctions.

Its most pressing need, however, is to produce the value added food items required for inflight meal production.

Air Caterers, jointly owned by Swiss Air and Fedics — the largest, industrial catering company in SA — is the international inflight service division of Fedics and prepares meals for most of the overseas-bound carriers. The balance is provided by Air Chefs, another division of Fedics, which is the sole supplier of inflight services to SAA.

Air Caterers operations director Karsten Tripmaker says although no definite word has come from international airlines, plans have been approved to expand its production facilities at Isando and Spartan, to lift current production from 4 000 to 7 000 meals a day, thus enabling it to service a further five international carriers.

Prior to the arrival of Cathay Pacific and Austrian Air, Air Caterers was producing about 3 600 meals a day. This number has now leapt to 4 000 meals a day as a result of their entry.

Tripmaker says Air Caterers is currently increasing its capacity through a number of internal changes in its facilities. Though he will not divulge how much money is being spent, he says the changes will mean larger kitchen, storage and bond store (duty-free liquor storage) facilities at both Isando and Spartan.

Builders and equipment suppliers have already been awarded contracts, for instance: larger dishwashers and blast chillers are on order, and the revamp should start next month. The largest portion of the upgrading will be complete by year's end. The rest, primarily the building work, will be finished in early 1992.

On the supply side, Tripmaker says Air Caterers is continually looking for value added products.

Those presently on the South African market are not suitable for his needs — for example, the proliferation of frozen foods.

What the company is seeking is portioned meat, a demand yet to be met satisfactorily, despite attempts made so far.

Rigid

Airline requirements are particularly rigid in terms of quality and quanity and SA is yet to catch up to countries like the United States in this respect.

At present, Air Caterers subcontracts out for the supply of baked goods, smoked salmon, processed meat and confectionery (cakes and desserts), but it is still on the look out for new innovative products — particularly in the dessert line.

"Even basic things like pre-portioned coffee creamers in liquid form are unobtainable locally.

"These coffee creamers are presently being imported at a premium," Tripmaker says.

Club Mykonos probed

6 Bday 29/7/91 PETER GALLI (288)

POLICE are investigating allegations of financial mismanagement at Club Mykonos, the R100m luxury timeshare resort at Saldanha Bay.

Western Cape police public relations officer Capt Attie Loubser said at the weekend police would be issuing a statement on their investigations early in the week.

Masterleisure has rejected media reports that it was Club Mykonos's project developer. The company said the developers were CML Developers and that it was purely a sales and marketing agent for Club Mykonos.

Laurence Perrin, spokesman for the Masterbond Trust group, said Masterbond was independent of Club Mykonos, holding only 3% of its equity.

"Accordingly, investors' funds placed with Masterbond remain secure whatever the outcome of the police investigations" he said.

Trend towards keeping functions in-house

Star 29/7/91 (288)

To reduce travel and overnight expenses, company celebrations, product launches and sales drives are moving increasingly in-house — or at least to a nearby venue.

Such is the finding of Peter Schuster, the new owner of Ron's Hire, a catering equipment hiring company which ranks among the leaders in this industry.

Applying his previous industrial marketing skills to this industry, particularly in a depressed economy, Schuster says slimmer corporate profit margins are prompting companies to do two things.

The first is to look at catering as opposed to hotel or restaurant bookings. The second, is to find venues other than those which provide their own food, beverages and service.

For businesses like Ron's Hire, the shift is propitious. Companies are now looking to hire marquees in their search for alternative venues, or will use existing offices, warehouses, clubs, or civic halls, to save on venue costs. In many cases, they will hire in all the additional ware themselves, and can save as much as 30 percent into the bargain.

There are three primary cost elements in any function: the venue (whether quoted separately or not); catering (food and service) and the liquor.

Despite the current keen rates offered by commercial venues, Ron's Hire still believes companies can save at least 10 percent by going in-house.

Major savings, in good or bad times, are of course on drinks. Not only do companies pay less than half of bar prices by buying their own liquor, they also have greater control over the quanitities bought, ordered, delivered and returned.

"Another trend in this economy is for companies not to invite spouses of employees to functions, and to do this they find it makes logistical sense to keep functions in-house, particularly to obviate the transporting of female staff.

"The costs of product marketing or client entertaining are also under pressure, with the result that companies will spend more time ensuring their functions are different, as opposed to costly, to make their impact.

"Further innovation is evidenced these days by interesting menus, decor and themes to create the right atmosphere. Marquees lend themselves to almost any setting, and can be as big or small as required."

PROFESSIONAL CATERING

Govt plans to contract out more services

Star 29/7/91

(288)

Government's move to contract out its catering services is opening a window of opportunity for industrial and institutional caterers.

The Orange Free State Provincial Administration appears to have led the way by its recent award of contracts for 10 hospitals to institutional caterers.

Durban-headquartered Supervision Foods (owned by the Tongaat Hulett Group), which won five of these contracts, says other government departments are beginning to follow suit: the SADF, various education departments, as well as other provincial administration departments, particularly the Cape Provincial Administration's hospitals division, are among them.

Others, such as The House of Representatives, as well as many homeland governments, have already gone this route.

According to an SADF spokesman, the SADF began an experimental programme two years ago selecting 10 SADF units in the greater Pretoria area, Natal and the Cape to contract out their catering operations. Contracts were awarded to at least three institutional caterers, and these will come up for review in 1992.

A decision will be made at this time as to whether more contracts will be entered into and what form they will take. Should the SADF decide to continue to contract out, the total situation in messes around the country, he says, will have to be reviewed.

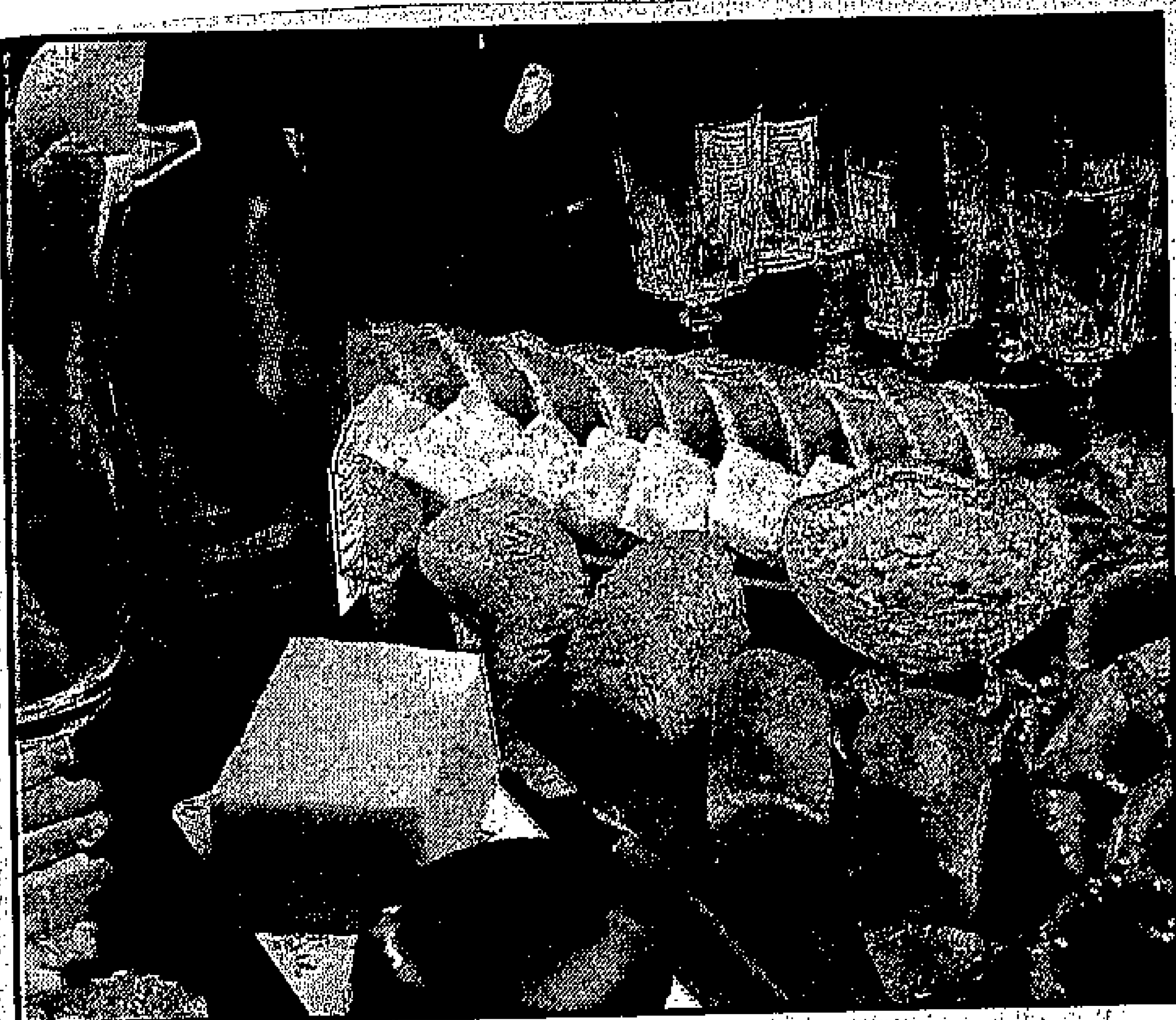
The spokesman said the privatisation concept was totally new and both the SADF and institutional caterers have had to acclimatise to one another. In terms of the contracts, some SADF staff have been employed in the messes to work alongside the employees of the industrial caterers.

For SA's largest industrial caterers, Fedics, Supervision and Hospitality, volume feeding contracts are important business and highly competitive.

Each is owned by larger food organisations: Federale Volks and Imperial Cold Storage each have a 46 percent stake in the industry leader, Fedics, with the balance of the shares held by directors. Hospitality is 100 percent owned by the Premier Group. Their customers are typically factories, mines, colleges, schools, clinics, hospitals, commerce and industry.

Supervision Foods marketing and sales director Neil Rodseth says by and large the hospitals, clinics and schools presently serviced by his organisation and others are in the private sector. The contracting out of similar government operations will result in increased earnings potential.

"What will determine the Government's success in contracting out is its ability to consistently monitor the services provided to ensure it is getting value for money. To achieve this, the Government, as a partner, should pay much more attention to ensuring specifications relating to menu standards are laid down very precisely to serve as a basis for this monitoring process," comments Fedics MD David Wigley.



As the Government contracts out services, specifications for menu standards should be laid down precisely, says Fedics MD David Wigley.

Value added products show their advantages

Star 29/7/91 (288)

As any caterer will attest, reliable and quality-conscious suppliers are as invaluable to the success of a function as the meal itself.

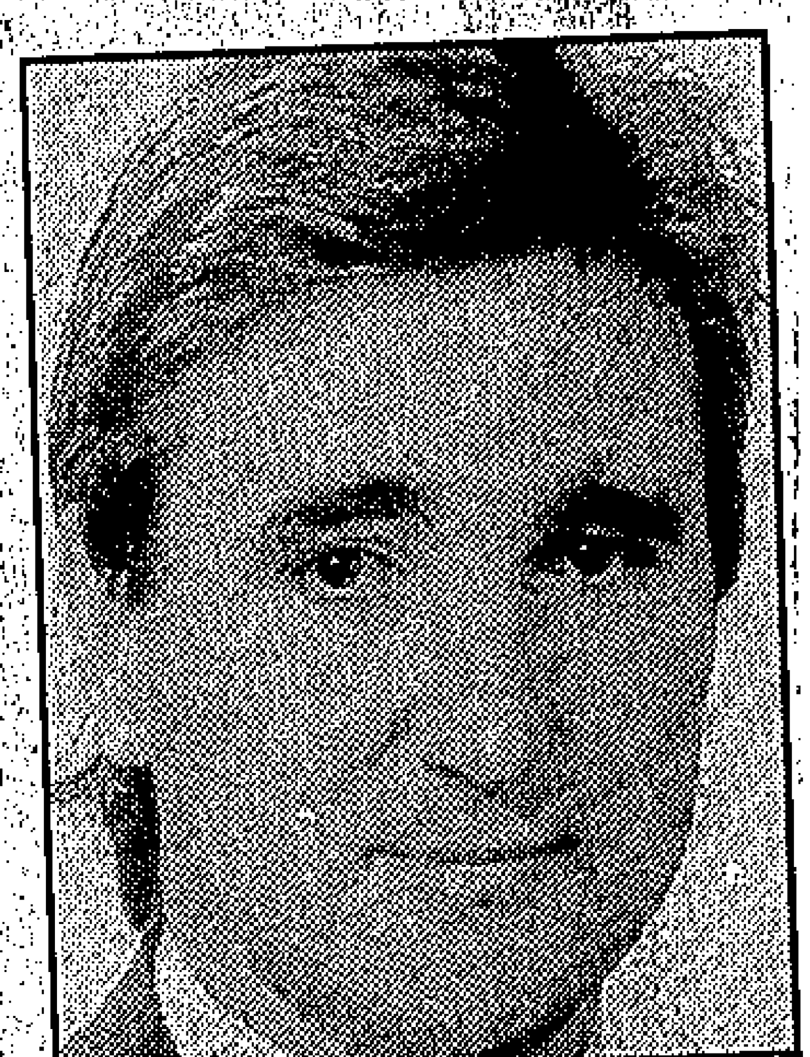
In fact, the actual cooking process is about one tenth of the work required. Preparation of food is a very time-consuming process.

According to Delmont Caldow Caterers, which ranks among this country's three largest functions caterers (House of Bonne Cuisine and Pick 'n Pay Catering are the others), the British industry is sophisticated enough to supply caterers with the correct amount needed by that many diners.

In South Africa, while caterers may still have to quantify the amount of potatoes needed in kilograms, the advent of pre-cut vegetables in almost any size or shape, has significantly eased one of the hardest professions in the world.

In addition to pre-cut vegetables, undressed pre-prepared salads, fresh fruit juices, instant stocks, basic powdered sauces and an avalanche of fast foods such as pastry and chinese items are having a significant impact. The word is value added products.

While some caterers may turn up their noses at the latter, by and large pastisserie, wedding cakes and breads and rolls are invariably ordered in, and with large functions, they too find the advantages of sub-contracting out other pre-prepared items, outweigh the costs.



Delmont Caldow Caterers managing director Julian Caldow.

Over and above these products, further needs are being met. Well-known names such as Cafe Mozart have tapped into the confectionery market.

Delmont's Julian Caldow, for one, believes the industry is ripe for more such services and to this end, has formed a separate entity called Square Meals.

Old puffers could pull in foreign exchange

CLIVE SAWYER (288)
Staff Reporter ARGUS 30/7/91

KIMBERLEY. — Steam trains could help pull South African tourism back on track — and enthusiasts are hoping for a major announcement to boost steam power this week.

Devotees from all over the world have come to pay homage at a Steam Festival on the Kimberley/De Aar line, the last where regular plumes and puffs bring a lump to the throat and grit to the eye.

Spoornet promised two years ago that 30 percent of the trains on this line would be pulled by steam engines.

At stake is more than nostalgia — the line is the only one where all the infrastructure for steam engines is still in place, from water tanks to S pits.

The festival includes an appearance by the legendary Class 26 "Red Devil", the world's most advanced steam design.

Other iron horses on show include a restored 1890s locomotive and the world's only condensing engine, which recycles its steam and whines instead of "chuffing".

Old-style signal gantries and gates at level crossings were given a lick or two of fresh silver paint in the past few days as photographers sought dramatic shots alongside the lines and at Beaconsfield depot.

However, the chairman of Steamnet 2000, retired driver Mr Hannes Schrenk, believes more could be done to make the line a drawcard for tourism.

Steamnet 2000 steam support action group was set up soon after Spoornet's announcement to promote daily steam operations as a tourist attraction.

"The 30 percent quota needs to be kept up, and some trips on the timetable should be always steam-drawn," Mr Schrenk said.

A recent promotion where enthusiasts were photographed pretending to drive a train while the real driver hid out of sight behind the weatherboard was a great success, he said.

Campaign attempting to coax foreigners to visit SA

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CT 30/7/91

SATOUR has introduced a campaign to stimulate people overseas to visit South Africa.

The slogan to introduce Satour's Valley Period Campaign is: "The New South Africa, bringing the sunshine back into Africa".

Consumers in the UK see advertisements that invite them to "... take the wine routes of the Cape for example, tours that will take you through miles of green and purple valleys breathtaking in sheer size. An experience worthy of the wines you will taste en route, wines that are competing with the best that Germany and France have to offer, but at a fraction of the price, thanks to an excellent Pound Sterling exchange rate. Another reason, perhaps, why the sun has never shone brighter in South Africa than it is shining now. For you".

A tempting message, thanks to the South African Tourism Board's involvement in various focused strategies in collaboration with SAA and other key partners.

The most important strategy underway, from the Valley Period Travel Trade Workshop held in Pretoria in April, is the R1,6 m joint advertising campaign in Britain.

Mail campaigns

If the SAA/Satour campaign is successful in Britain, similar Valley period campaigns will be launched in the Benelux and German-speaking countries in Europe. SAA has indicated that they would again consider a joint campaign for August and September.

Other attractions by Satour include workshops with SAA and Satsa in Britain, Paris, Taipei, Hong Kong and Singapore. A joint Satour/SAA/UTA campaign will be launched in France in September and October. Mail campaigns in key markets will be directed at 12 600 travel agents in the US and about 250 000 German consumers.

To capitalise on new opportunities in Africa, action is being taken in collaboration with SAA and South African Missions in Africa. Provision has been made for a major target marketing campaign in Japan.

Meanwhile, Captour is perservering with its own Valley Period or Green Season promotions. In a survey conducted for Captour by Research Surveys, it was learnt that 95% of Transvaalers who visited Cape Town in the Green Season period said they would love to return at that time of year.

Only 18% associated May to October with wet conditions, while 30% associated it with wine, food and scenery. About 85% were aware of the Cape Festival and two-thirds of these added that value packages could be a deciding factor for return visits.

Second stage

This presents a new challenge to the tourism infrastructure.

Chairman of Captour's private-sector marketing committee, Mr Arthur Gillis, said: "It tells us that business is there but we will have to do more domestic marketing to develop it."

The second stage of the study by Research Surveys will be presented at the completion of the advertising campaign in August.

According to Captour's MD, John Robert, one potential job opportunity is created for every 11 tourists hosted.

By being positive when discussing the Green Season, Capetonians can help achieve the aim of the association, which is to attract 30% of South African tourist market share by 1993.

Slump 'helps timeshare

BDay 3/7/91 (288)

TIMESHARE owners are not cutting down on their holidays despite the recession, says Timeshare Institute of SA (Tisa) chairman Bruce Ravenhill.

He feels that when the political situation stabilises more foreign tourists will visit SA, leadinghotels to lift their rates in a bid to recoup their losses over the last 18 months.

Hotel holidays will become out of reach for many South Africans, and timeshare is likely to be their next option, says Ravenhill.

Southern Sun MD Ron Stringfellow agrees that some of the hotels have been discounting their rates in the light of decreased tourism over the past 18 months.

"But it is a rather bold and sweeping assumption that hotel accommodation will be put out the reach of the local population. It must be remembered that not all hotels cater for the international market."

Restaurants rank among the best

288
B/Day 31/7/91

IN ONE respect, Sandton must answer to the charge of being "suburban".

The municipality has its own CBD, it houses the largest shopping area in the southern hemisphere and enough office space for a major city.

But in its nightlife, it follows the example of opulent suburbs everywhere.

Not that this is to suggest Sandton lacks after-dark entertainment — in its selection of restaurants and watering holes it ranks among the top in SA.

But the youth nightlife lacks a "vibe" of its own. The main nightclubs and discotheques lie elsewhere.

new White House restaurant.

What Sandton does offer is a select range of up-market bars, some of which provide facilities for a little hip-shaking, and all of which become overcrowded on weekend nights.

The Balalaika Hotel on Maude Street is one of the most popular.

Of its two bars, one, the English-style pub, usually remains fairly relaxed.

The other bar is a noisy, crowded live-music venue.

Other bars are tacked on to restaurants. The newly opened White House houses a loud but snobby example; the Summit Road's Redwoods is smaller but great fun.

Haunts of the more moneyed Sandton classes include the Sandton Sun's Spats Bar and Foxy's and Miller's in Rivonia, although, like everywhere else, they require body-armour and a great deal of patience on weekend nights.

The overall impression of Sandton's nightlife is that supply has not met the demands.

Still, it is no credit to Sandton that a stream of GTis winds its way south down Rivonia Road every Friday in search of the city lights.

Warning on insurance firm's cover

B/Day 1/8/91

SEAN VAN ZYL

ILLEGAL short-term insurance cover was being provided by a company operating mainly on the East Rand, Financial Services Board (FSB) spokesman Piet Badenhorst warned yesterday.

Bravo Insurance was operating mainly in the Kempton Park and Germiston areas, providing motor and household cover, he said in a statement.

Badenhorst said Bravo Insurance was not a registered insurance company, and was therefore not in a legal position to undertake short-term underwriting business.

Check

He said that, following an initial investigation by the FSB, the matter had been forwarded to the commercial branch of the SAP.

Further information regarding the FSB's investigation would not be made available at this stage, due to legal constraints, Badenhorst added.

However, the statement advised members of the public who had entered insurance dealings with the company to check whether their cover had been underwritten by a registered short-term insurer.

The statement noted that the inception date of the cover provided by Bravo Insurance appeared to be August 1.

Club Mykonos problems hurt sales of timeshare

288

B/Day 1/8/91.

LINDA ENSOR

CAPE TOWN — The negative publicity surrounding the Club Mykonos resort on the Cape west coast has resulted in a slide in timeshare sales there. The resort claims a 50% share of all timeshare sales in SA.

The resort has come under the spotlight recently as police investigate allegations of financial irregularities (R930 000 has been reported missing) and shareblock owners protest against high levy increases that have been proposed.

Timeshare sales reached R8,5m a month at their peak but have fallen to about R6m a month over the past few months, with the winter slowdown in sales contributing to the decline, said developers Masterbond Trust MD Johann Brits at a news conference yesterday.

About R90m has been invested so far in timeshare and shareblock units at Club Mykonos, near Saldahna Bay, by about 5 000 people. The resort has 236 units, with 700 more planned, and has R10m worth of unsold stock on its books.

Responding to reports of a police probe into the management of the resort, Masterbond Trust and Club Mykonos chairman Koos Jordaan said he believed the complaints to be malicious.

Jordaan said an audit was in progress and no misappropriation of funds had been discovered. He said there was a possibility, were it to transpire that the complaint to the police was vexatious, that a claim or charges would be brought against the person who lodged it.

He said "the future is not all that bleak" regarding the recovery of some of the R300 000 allegedly misappropriated by a former employee.

Jordaan admitted that the resort's management had not been up to standard in some respects in the past, but said a new company, Renaissance Resorts, had taken over management and he was now satisfied with the standards of management.

He admitted, too, that there had been dissatisfaction over the number of management companies that had been involved in running the resort — Renaissance is the fourth company to take over its administration.

Brits announced that there would be a restructuring of levies which would mean a lesser increase than originally proposed. Shareblock owners were up in arms a few months ago over the levy increases which in the case of a sole owner of a luxury three-bedroom unit was to rise from R500 to R3 600.

The levies affect 700 shareblock owners.

Brits said a levy increase from R500 to R2 552, including service, was being proposed for a luxury three bedroom unit; or alternatively, R1 624 without service. An assurance would be given to shareblock owners that for the next five years annual levy increases would be kept within 5% above the rate of inflation.

ANC murder accused acquitted

SUSAN RUSSELL

TWO ANC members charged with the murder of an Azapo opponent in a Bekkersdal shebeen last year were acquitted in the Rand Supreme Court yesterday. B/Day 1/8/91

Jacob Seoka, 27, and Alfred Soxokashe, 21, pleaded not guilty to murdering Azapo member Mbuyiselo Norman Montshiwa in a shebeen in the ANC area of Bekkersdal on March 17 last year.

The State alleged they were part of a group of ANC members who were looking for Montshiwa intending to kill him.

Montshiwa was attacked with pangas, knives and an iron bar and died from his injuries in hospital nine days later.

According to the indictment the incident occurred at a time of clashes between the ANC and Azapo over an ANC call for a school stayaway.

Mr Justice du Plessis, sitting with two assessors, acquitted Seoka and Soxokashe after finding that contradictory evidence from four State witnesses had not established the accuseds' guilt beyond reasonable doubt.

None of the four impressed the court as reliable witnesses, he said.

Joker cleared in subversion trial

MICHAEL HARTNACK

HARARE — An Esigodini hotel manager has been acquitted on a charge of subversion but fined R46 under Zimbabwe's Miscellaneous Offences Act for joking to bar patrons that the July 20 bomb blast at Harare's Sheraton hotel was "part of the structural adjustment programme".

Bulawayo magistrate David Johnstone Butcher told Rodney Robert Green, 37, his remarks were "ill-advised" but did not constitute an attack on the constitution of Zimbabwe, an offence which would have carried a maximum seven-year jail term.

Liquidation of timeshare lodge might be averted

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BDay 2/8/91

LINDA ENSOR

CAPE TOWN — The threatened provisional liquidation of timeshare resort Kruger Park Lodge could be averted if negotiations with an international partner were successful, Pretoria developer Willem Bester said yesterday.

A court application for the provisional liquidation of the resort was opposed and is due to come before the court again in about two weeks' time.

It is believed R8m will be injected into the R16m resort and that the 1 000 timeshare owners, owed R2,4m, will not lose anything of their investment.

The resort apparently ran into cash flow difficulties due to lower than expected sales, and could not proceed with the development.

The problems with Kruger Park Lodge bring to four the number of resorts which have experienced financial difficulties recently. Seafields in Durban, Mavula Lodge and Halyards in Port Alfred and Sudwala also had problems.

Timeshare exchange organisation Resorts Condominium International (RCI) hosted a function yesterday to celebrate the achievement of 100 000 SA members.

MD Steve Griessel said these four problematic resorts represented a small proportion of SA's 148 resorts.

He said that 1991 was the worst year for the industry in terms of public perceptions, but new timeshare sales this year had not been as bad as forecast.

Liquidations were not the real issue facing the timeshare industry, Griessel said. The real issue was the unethical marketing techniques operating on the fringes. The five major players which sold 80% of the timeshare in SA had high ethical standards, he said.

RCI had decided to enforce the Timeshare Institute of SA (Tisa) code of ethics on all its resort clients whether they were members of Tisa or not, and they would face disaffiliation if the Tisa code was broken.

Griessel believed the industry was maturing and consolidating into fewer, bigger players.

An exciting deal to be announced in a couple of months' time would be fundamental to the future of the industry, he said.

Unionists deny murder charges

BDay 2/8/91

SUSAN RUSSELL

FIVE National Union of Metalworkers (Numsa) members and a man they allegedly paid to help intimidate non-striking colleagues at Haggie Rand in 1989 pleaded not guilty to five counts of murder in the Rand Supreme Court yesterday.

Shop stewards chairman Richard Khazamula Ngobeni, 38, and workers representatives Jeffrey Sipho Mtshali, 34, Malvert Ngubane, 40, Malan Khumalo, 42, and Samuel Kgoshiekgolo Malepo, 39, also pleaded not guilty to nine counts of attempted murder, two counts of arson and one count each of unlawful possession of firearms and ammunition.

The alleged "hitman" Joseph Mdumiseni Bhengu, 25, also pleaded not guilty to the same charges.

Their trial is a sequel to a strike at Haggie Rand during October 1989.

All five Numsa members were employed by the company and were dismissed during the strike.

It is alleged they and others employed Bhengu after deciding to intimidate workers into joining the strike.

Two firearms were also allegedly acquired for that purpose.

The State alleges that under the leadership of Ngobeni and Khumalo, certain non-strikers were identified as targets for intimidation and acts of violence.

The alleged murder of five non-strikers, the attempted murder of nine others, as well as petrol bomb attacks on the homes of two employees, occurred at various places on the Witwatersrand from November 1989 to April last year.

Prosecution counsel Chris van Vuuren said the State would lead evidence in support of charges of a conspiracy among the accused to intimidate non-strikers.

He said the state would also lead evidence by Haggie Rand personnel to explain events at the factory at the time of the strike.

The trial continues today.

R600m Johannesburg project to go ahead

B Day 2/8/91.

PETER GALLI

THE creation of a new conference centre and 200-room hotel in Johannesburg, the first development phase of which will cost an estimated R600m, is to go ahead.

Announcing the move yesterday, the SA Rail Commuter Corporation (SARCC) said the first phase would focus on the upgrading of the Rotunda and the creation of a terminus for luxury buses.

A conference centre for 2 500 delegates, with restaurant, retail and office developments, is also planned.

"Financial institutions and property and pension funds will be offered the opportunity of participating in the financing of the project," SARCC GM property management Dirk Ackerman said in an interview.

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"In addition, we will be floating a company known as the Johannesburg Tourist, Trade and Convention Centre Company."

SARCC and Transnet are behind the scheme as it involves the use of "air rights" above the railway lines and sidings west of Park Station and the Harrison Street Bridge. The centre will be built on the "airspace" next to the Rissik Street bridge.

"A 200-bedroom hotel is also planned, but falls into one of the other phases. We are considering several possible sites for the hotel, but I cannot disclose further details just yet," Ackerman said. He also declined to name the hotel group involved.

Tenders are expected to go out by mid-August and the project could kick off by the end of the month, Ackerman said. The centre is scheduled for completion by early 1995.

Durban to 'outdo' city on the waterfront

288 CT 2/8/91

Own Correspondent

DURBAN. — The multi-billion-rand waterfront redevelopment scheme here, described as the most significant project in Durban and ultimately "better than Cape Town's waterfront development", should begin early next year. 18/5 CT 2/8/91

The vice-chairman of the Point Redevelopment Committee, Mr Peter Mansfield, says plans for the revitalisation of the 50ha of prime land will be drawn up within three months.

"If all goes well, and we are determined it will, the plans will be approved by both the city and Portnet later this year.

"We can expect to see activity in the area as early as next year."

He said "significant" development could be expected within two years, but the total project could take up to 20 years to complete.

"Many references have been made to Cape Town's Victoria and Alfred project. I give Cape Town the reassurance that we do not plan to imitate their scheme — but the reason for this is that we plan to better it."

The development will start with a recreational area at the North Pier harbour entrance.

An arrangement might be made with the city council, as exists in Cape Town with the Victoria and Alfred project, that the Point be turned into a separate mini-local authority with rates from the area being used for redevelopment.

PUTTING OUT FIRES

288

Police are apparently investigating alleged irregularities in the financial management of Club Mykonos — a luxury, R100m timeshare resort at Saldanha Bay on the west coast.

Directors of the development company, Cape Town-based Masterbond Trust, say they are still trying to get clarification on the situation. Chairman Koos Jonker says neither he nor fellow directors are aware of any mismanagement.

He adds that police have declined to tell him what charges are being investigated or who laid them. He hopes to clarify the matter over the next few days. It's possible, he says, that a disgruntled employee or an unhappy unit owner may have laid a complaint. A former Club Mykonos employee is facing charges involving the alleged misappropriation of nearly R1m.

Club Mykonos was in the news earlier this year when proposals were made to increase significantly its unit levies. Jonker says the question of levies is being dealt with and an announcement will be made within a month.

Meanwhile, Timeshare Industry Association president Bruce Ravenhill stresses that it appears Mykonos's problems are more of a domestic nature. "As far as I'm aware, the resort is perfectly sound."

Nevertheless, the timeshare industry has been through a torrid time in the past 18 months. First vending companies Timeshare Dynamics and Summer Leisure, which marketed timeshare points through the Flexiclub system, went to the wall. Then this year saw a five-month struggle to save the high-profile Mabula Lodge timeshare resort in the northern Transvaal. This, fortunately, seems to have had a happy ending. Other resorts, such the eastern Transvaal's Sudwala Lodge and the Halyards at Port Alfred have also been beset by problems. In both instances the liquidators are attempting a rescue. (See liquidations report.) ■

 FM 2/8/91 (288)

They have, however, been encumbered by a complex web of leases entered into before the sequestration of the club hotel *(Property* July 19).

The nub of the problem for creditors is that, though the club hotel owns the freehold, in April last year it entered into an unregistered 99-year lease agreement at a nominal rental with Halyards Share Block Ltd over the 37 apartments. The share block company then sold 28% of its interests in the form of timeshare through the Ovland timeshare and marketing organisation.

Halyards Share Block lawyers are adamant that the lease is unassailable under the Insolvencies and Companies Acts but counsel for the creditors believes that a valid lease can be broken if the property is offered for sale twice, once subject to the lease and then without it. They maintain that if the bid for the property without the lease is the higher — as was the case with the club hotel sale — then the liquidator is empowered to cancel the 99-year agreement.

Les Cohen of liquidators Westrust says: "We've consulted with senior counsel and are satisfied that we must sell with the lease and without it. The only offer received with the lease was R50 000, which was rejected out of hand. We then put up the property without the lease and the highest bid was for R2,3m, subject to acceptance within seven days. That is the bid which is exercising our minds at present, even though there is a substantial shortfall between the offer and the amount owed the bondholders."

Cohen says it is up to the buyers to decide whether to negotiate an agreement with Halyards for the purchase or lease of the adjoining hotel facilities. In the event of the 99-year lease being cancelled, he says the timeshare owners might have a claim against Halyards Share Block Ltd. "One of the difficulties for the timesharers is that they have no protection where there is a bond over a property. The bondholder has first bite. Perhaps legislation should be brought in to give them better protection." ■

DEVELOPMENT

A change of tack

The Board of Executors (BoE) has rescheduled plans for a R150m commercial and office development in Cape Town's CBD in reaction to a delay in the economic upswing.

BoE now plans to syndicate the R21,5m site it has assembled for the development. It intends embarking on an aggressive marketing drive throughout the country and is hoping the syndication will raise R27m. BoE Properties MD Peter Meakin says the campaign will be formally launched in Cape Town next week.

The development, known as The Adderley, was to have started last month with the demolition of several buildings in the block bounded by Adderley, Longmarket and Parliament streets. The facades of historically significant structures were to have been saved. Construction work was scheduled to begin early next year.

The initial plan was for a 17-storey building with 23 000 m² of offices and street-level shops. The developers spent more than two years assembling the 3 000 m² site and, some time ago, tenants were given notice to vacate. A number have already done so.

However, Meakin says market research has now shown that the best time for The

LIQUIDATIONS FM 2/8/91 (288)

Bare bones

Liquidators of the Royal Alfred Marina Club Hotel are considering an offer of R2,3m for an apartment complex linked to Port

FM 2/8/91 (288)

Alfred's luxury Halyards Hotel — even though it is well below the estimated R8m owed to creditors.

At an extraordinary event in Johannesburg last week the property was put up for sale twice at the same auction — once encumbered by a 99-year lease and a second time without it.

The liquidators rejected out of hand an offer of R50 000 for the 37 luxury apartments offered subject to the lease. They are considering a second offer of R2,3m, made by a consortium, when the property was offered without the lease.

If the higher offer is accepted, it will be subject to the courts overturning the 99-year lease over the property. If that happens people who bought timeshare at the East Cape resort could well lose their investments.

The accommodation, largely owned and controlled by hotelier Kevin King, appears to be a substantial asset. King's company, the Royal Alfred Marina Club Hotel, was provisionally liquidated in the Rand Supreme Court in May *(FM* May 5).

It is linked to the Halyards Hotel but the 37 apartments are a separate freehold entity.

continue →

Cabinet resort row

288 S Times 4/8/91.

From Page 1

longs to us and we demand it back," said the mayor of Ikageleng, Mr Peter Tsheko, this week.

Mr Tsheko said that in 1974 his council had paid the outstanding balance on the farm on which Ikageleng and Ramosa Riekert were developed. Despite having paid for the land, township residents are denied free access to the facilities, he said.

Children

When a resident of Zeerust sought permission to shoot a buck, he said he was told by the resort manager: "No, nobody will be allowed to hunt because the ministers are coming."

Although the resort is classified as "international" and is therefore open to blacks, residents of Ikageleng are kept out by an official who is worried the children "will scare and hurt the game in the park and break the trees", according to minutes of a Zeerust council meeting.

But the same minutes note that the Ikageleng town council pays for the tarred roads at Ramosa Riekert. The tarred roads are lit at night — but in the neighbouring township only two streets are tarred and a mere handful of residents have electricity.

A council source said all financial transactions for maintenance of the resort were channelled through the black township's books by the TPA.

"We are completely against the way Ramosa Riekert is being exploited," said Mr FS Breytenbach, chairman of the Zeerust management committee.

"It's not fair that only the big boys from Pretoria are allowed to hunt there. We see no use for the place.

"In fact it's not a holiday resort or training facility but a sinister secret gathering place," Mr Breytenbach said. "They are squandering taxpayers' money."

Mr Hough said it was not true that the resort belonged to the township.

"The premises were bought by the Zeerust town council 30 years ago and the township was developed on a portion of the land. But in 1978, 517ha were used to develop the resort for education and training purposes," he said.

Game reserve for blacks 'exploited' by Nats, says CP council

CABINET BUSH RESORT ROW

288

S/Times 4/8/91

By DE WET POTGIETER

A R4-million luxury bushveld resort built for blacks has become a playground for National Party politicians and government officials.

In the past month two hunting trips have been arranged for cabinet ministers and civil servants at the Ramosa Riekert game reserve outside Zeerust in the western Transvaal.

The local black council, ironically backed by the CP-controlled Zeerust council, has demanded that the government hand over the resort, which is run by the Transvaal Provincial Administration and loses R250 000 a year of taxpayers' money.

Ikageleng and Zeerust councillors this week accused the government of "exploiting" the resort for use by "the big boys from Pretoria", and of barring the local black public for whom it was established.

The resort was founded by the now defunct Western Transvaal Development Council in 1978 for the education and recreation of blacks.

Forty-two staff members look after the 517ha resort and reserve, which has so far cost R4,2-million to develop. Ramosa costs R720 000 a year to maintain, but the current annual income from "occasional" visitors is R468 000.

Bookings

The resort is open to the public, provided bookings are made in advance and don't clash with government seminars or visits by VIPs.

Accommodation consists of four eight-bed ron-

Queen Diana makes history

Hani set to take over from Slovo

S/Times 4/8/91

By EDYTH BULBRING and TERRY VAN DER WALT

CHRIS HANI, Umkhonto we Sizwe chief of staff, is poised to take over leadership of the SA Communist Party from Joe Slovo.

The SACP needs him to bolster its limited support and achieve its aims of doubling membership in time for the party congress in December.

Party sources indicated that the surprise request that Mr Hani be released from ANC duties to work full-time for the SACP followed growing unhappiness with Mr Slovo's concentration on ANC work at

ANC, Mr Hani replied: "It is not going to mean a loss of my contribution to the ANC as I am still a member of the NEC and in that capacity will be able to don't clash with government seminars or visits by VIPs.

Accommodation consists of four eight-bed rondavels, available at R120 a night each, two three-bed chalets, priced at R45 a night, and two four-bed chalets, at R75 a night.

There is also a 32-bed dormitory, a caravan park and a camping area.

A luxury guest house which can house 25 people is set apart for the exclusive use of cabinet ministers and senior officials.

And when they are hunting, or when the resort is being used for training seminars by the police and government departments, it is closed to the public and guarded by police.

Ramosa Riekert was taken over by Department of Education and Training in 1987 and handed over to the TPA in March last year.

Guests

Last weekend a party of provincial politicians and two cabinet ministers hunted at Ramosa Riekert as guests of Transvaal Administrator Danie Hough.

Mr Hough confirmed that Dr Dawie de Villiers, Minister of Public Enterprises and Economic Co-ordination, and Mr Amie Venter, Minister of State Expenditure and Regional Development, were among the guests.

But Mr Hough said there was "nothing irregular" about the trip.

"It was necessary for members of the executive committee to hold in-depth discussions with Dr De Villiers and Mr Venter on certain matters, and this provided an opportunity for talks as well as some hunting," said Mr Hough.

Demand

He said the buck hunted by the party were paid for "in terms of Treasury regulations" but would not say how much the hunters had paid for their kills.

Both the white town council of Zeerust and the black councillors of Ikageleng claim the resort and game reserve historically belongs to the black residents of the town.

Ikageleng last year asked the Zeerust town council to assist it in getting its land back. At a meeting on August 27, the council passed a resolution supporting the black township's efforts.

"Ramosa Riekert be-

☐ To Page 2

that Mr Hani be released from ANC duties to work full-time for the SACP followed growing unhappiness with Mr Slovo's concentration on ANC work at the expense the SACP.

Mr Hani topped the ballot in the recent elections for the ANC National Executive Committee.

SACP officials said the party wanted to establish a strong and independent voice at the constitutional negotiations.

The SACP recognised the need to "Africanise" its image, said sources. The face of the SACP was at the moment Mr Slovo and Mr Ronnie Kasrils, who were white and unable to recruit black members adequately.

Mr Hani said last night that there were individuals within the ANC who were "dissatisfied" with the decision to move him.

But he said his move would not affect his contribution to the ANC, as he was still on the NEC and would be able to work between it and the SACP on strategy and tactics.

"Some individuals have expressed their dissatisfaction, but some of us have to find time to work for the party if the future of socialism is to be guaranteed.

"A few weeks ago at a meeting of the leadership (SACP), the question of building a strong independent party acting closely with the ANC was discussed. They took a decision to approach the ANC to request that I be allowed to move on a fulltime basis."

Asked what effect his move would have on the ANC, Mr Hani replied: "It is not going to mean a loss of my contribution to the ANC as I am still a member of the NEC and in that capacity will be able to make a contribution to strategy and tactics of the ANC."

On the question of MK, Mr Hani said he was still the chief of staff, but this would have to be reviewed.

PICK 6

TURFFONTEIN
There were 353 winners with each collecting R3 947,70. Numbers: 10; 6; 3; 4, 11; 1, 2; 4.

KENILWORTH
Meeting postponed.

ARLINGTON
41 punters collected a payout of R1 589,10. Combinations 1; 1, 4, 10, 13; 3, 7, 8; 1; 3, 8; 4, 10.

GREYVILLE
Only 3 punters collected a payout of R211 212,40. Selections 5; 10; 2; 4,11; 8; 7.

Litter drive ends in death

AN Inkatha Freedom Party anti-litter campaign in Alexandra township yesterday ended in two deaths and at least 10 injuries.

Police said they fired rubber bullets when IFP members refused to stop throwing stones at residents.

Timeshare owners may sue liquidator

288
BDay 5/8/91.

LINDA ENSOR

CAPE TOWN — Legal action to secure the leasehold rights of 147 timeshare owners in the Halyards resort at Port Alfred is being contemplated.

An attorney acting for the timeshare owners says legal action to set aside sale of the resort on the grounds that it was sold without the 99-year leasehold agreement would proceed if the purchaser did not agree to reinstate the lease.

Halyards Shareblock director Kevin King, who represents the shareblock owners, said: "We also plan to sue the liquidator and the purchaser for not taking cognisance of the lease at the auction sale."

Empowered

Liquidator Westrust sold the hotel to a private investor at an auction last week for R2,3m.

A spokesman for the company said the provisional liquidators had been empowered by the Supreme Court to cancel the lease agreement.

The directors of the Halyards Shareblock com-

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agreements would probably begin soon.

"We hope to be able to sign an agreement when our Prime Minister Marian Calfi visits SA.

"That visit is scheduled for some time in September."

CSA, which has recently been privatised, will use long-range 210-seater Airbus A310-300 aircraft on the SA route.

"We will be focusing our marketing economy class fare, Herzl warned that CSA's fares would not be low.

"If our fares were cut, then we would not be able to provide the in-flight services which are necessary on such long-haul flights."

It was unlikely that any deregulation of SA's international aviation policy would encourage a decrease in air fares. Instead there would be fierce competition in terms of service, he said.

Hani

BDay 5/8/91.

☐ From Page 1

firmly at the top of the ANC's agenda.

In an interview in the latest issue of the ANC journal Mayibuye, Ramaphosa said negotiations "should enjoy top priority in all structures of the organisation".

He said consultation with members on negotiations had emerged as the most important task of ANC negotiators.

"To this end it has been decided that a negotiations task force should be set up at head office level and should operate as a fully fledged department.

"Through the work of this department we intend to keep our membership and structures not only fully informed but fully involved in ... negotiations.

"We can expect that structures like the regional general councils will be the forum where reports will be made and mandates obtained ... This in my view is going to deepen democratic participation by our membership in this important activity of our organisation".

SA telephone users ranked fifth in world

BDay 5/8/91

ROBERT LAING

SOUTH Africans made an average of 1,6 telephone calls a day in 1989, which is low compared with US citizens who averaged five calls a day.

Siemens's latest International Telecom Statistics, covering telecommunication developments up to the beginning of 1990, show SA had one telephone main line per 11 people compared with one line for every two people in the US.

SA was not included on a short list of total calls made per country, but would have come fifth according to Post Office figures. However, this excluded Japan and several European countries for which Siemens did not have figures.

The US made the world's most calls at 458-billion. West Germany came a distant second with 32-billion, Italy third with 24-billion and Taiwan fourth with 20-billion. SA made 19,5-billion calls in 1989.

On a comparison of the ratio of main lines to GNP, SA rated higher than the US. Egypt had the highest ratio at 3,49 and East Germany the lowest at 0,26.

SA, with 3-million main lines and per capita GNP of $3 247, had a ratio of 1,39 while the US had a ratio of 1,14.

The number of cellular mobile phone subscribers in SA grew 51% to 4 410 from 2 910 during the period under review.

The US has the highest number of car-phone subscribers with 3,5-million. Second highest is the UK with 975 000.

Growth predicted for tourist industry

DURBAN — There are signs that the fortunes of the tourism industry in SA are improving, says Fedhasa executive director Peter Hearfield. *B/Day*

He delivered his director's report yesterday against a background of an industry struggling to break even on 50% room occupancy rates. *6/8/91*

The recent Satour tourism indaba had produced real business which would materialise this summer, he said. Incoming flights from new airlines and new feeder airline markets were about to come to fruition and a more open policy on year-round charter flights appeared to be gathering favour.

He said travel and tourism worldwide were estimated to contribute $174bn of direct and indirect tax revenue. This figure did not include substantial other revenues from various sources. *(288)*

"Surely, someone in government will wake up to the huge potential of tourism to create job opportunities, bring investment and earn foreign currencies," he said.

This potential would not be realised unless the ground was prepared now.

Meanwhile, Fedhasa president Johan van der Linde announced yesterday that Fedhasa's membership of the American Hotel and Motel Association had been renewed.

The announcement follows recent confirmation that SA has been accepted back into the International Hotel Association.

In a further development, Van der Linde said SA might host the 1995 congress of the International Hotel Association. — Sapa.

CT 1/8/91

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Rosier outlook for SA's flagging tourism industry

DURBAN. — There are signs that the fortunes of the SA tourism industry are improving, says Fedhasa executive director Peter Hearfield.

Hearfield was delivering his director's report at the annual Fedhasa congress in Durban on yesterday against a background of an industry struggling to break even on 50% room occupancy rates.

The recent Satour tourism indaba had produced real business which will materialise during the coming summer, he said.

A fact that should get the attention of the current and future government is that travel and tourism worldwide is estimated to contribute $174bn of direct and indirect tax revenue.

● The industry has a vital role to play in solving many of the socio-economic problems facing the country, President F W de Klerk said when he was named "Marketing Man of the Year" by Fedhasa in Durban last night.

He warned that the issue of violence cast a shadow over the country's future, and both the public and private sectors would have to assist in finding solutions to the problem.

● A comprehensive strategy was essential to put the industry on the high road to success, Dr Org Marais, Minister of Trade, Industry and Tourism said at the congress yesterday.

He said the problems confronting the hotel industry could possibly be addressed by effecting a better balance between market demand and supply.

● Fedhasa's membership of the American Hotel and Motel Association has been renewed. — Own Correspondent and Sapa

Expensive opportunities in the Cape markets

288

THE luxury home and resort market in the Cape continues to offer some unique but expensive opportunities.

One of the original farms in the Hout Bay area, Groot Moddergat, a 21,11ha landmark, is up for sale.

The owners are prepared to consider several options, including the sale of part or all of the property, which is valued at R10m.

The manor house, which was built in 1841 and has eight en-suite bedrooms, is currently a country hotel in the Relais du Cap fold.

There is also a separate thatched cottage, a second homestead — the original slave quarters — and one of the largest undercover nurseries in the Western Cape. B/Day 7/8/91

In another exclusive development, the Cape Town City Council has approved Ovland Timeshare's plans for two luxury penthouses at The Place on the Bay on Camps Bay's Golden Mile.

Building of this final phase will begin in September and the developers are considering selling one of them under sectional title.

The apartments will range from a mere R17 000 for the cheapest week to R116 000 for the most expensive week in peak season.

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Picture: AP

Boerestaat boss slams tourism

288

Own Correspondent CT 7/8/91

DURBAN. — Tourism is the greatest contributor to prostitution, sexually transmitted diseases, Aids and lower morals, according to Boerestaat Party leader Mr Robert van Tonder.

Reacting to Fedhasa's annual conference on tourism here, he said in a statement his party strongly objected to the "misuse and contamination" of the natural beauty of the Transvaal by "foreigners".

The "Boer" nation benefited little from tourism.

The Kruger National Park had not been created for Americans and Japanese, but to be enjoyed by the "Boer nation", he claimed.

The present situation, where admission to and accommodation in the park had become too expensive for his people, would be changed drastically in a proposed "Boer homeland", Mr Van Tonder said. — Sapa

'Education is the only Aids vaccine'

CT 7/8/91 Own Correspondent

DURBAN. — There is only one vaccine against Aids, and that is education.

Speaking at the Fedhasa national congress here yesterday, Professor Rubin Sher of the South African Institute for Medical Research said people had to learn to practise "safer sex".

"There is no such thing as safe sex — all people can be taught is to practice safer sex, and to move from promiscuity to monogamy," he said.

Speaking on Aids in the Workplace, Prof Sher said discrimination against HIV-positive employees was "unacceptable".

"Pre-employment testing should not be undertaken," he said, adding that it would merely be a waste of money, money which would be better spent on in-company information programmes on Aids prevention.

Discrimination against Aids carriers in the workplace was "totally unjustifiable", and an infected worker should be judged only on his mental and physical capabilities.

Interdict against security boss

THE managing director of a Cape Town security firm who allegedly threatened employees with a gun has been interdicted by the Supreme Court following an urgent application by the Transport and General Workers Union.

Mr Justice C T Howie issued the order against Mr James Michael Rentzke and Table Bay Security Patrols on Monday night.

The application was not opposed, the union's attorney said. — Sapa

Colgate strike?

CT 7/8/91

JOHANNESBURG. — The Chemical Workers' Industrial Union said yesterday it would ballot its members at Colgate-Palmolive on strike action, following a deadlock in wage talks. 182

Tourist robbed in city garage

A CANADIAN tourist was robbed of an 18-carat gold watch worth R30 000 and R2 700 in cash when he was held up in the Golden Acre parking arcade on Monday afternoon, a police spokesman said yesterday.

The spokesman said Mr James Dunnett, 42, from Toronto, was climbing into a car on the J level when the men threatened him with cut-throat razors and robbed him.

'Integrate aliens', Clase urges

Political Staff

NO values belonged exclusively to white people, and nowhere in the world was race the criterion for admission to schools, the retiring Minister of Education and Culture in the House of Assembly, Mr Piet Clase, said last night.

The government had already given notice that racial exclusivity would no longer be acceptable, he told a meeting of the Suid-Afrikaanse Onderwys Unie branch in Oudtshoorn.

Mr Clase, criticised for his approach to the racial integration of schools, strongly supported the opening of schools. He stressed, however, that they should remain part of community life.

"Let us get some perspective. Over the years we have allowed children from other cultures into our schools.

"There are thousands of Portuguese, Greek, Jewish, Chinese and other alien children in our classrooms," he said. CT 7/8/91

Wage hikes, levies hit Transun

2.88

MARCIA KLEIN

THE effect of higher gaming levies and significantly increased wage rates on Transkei Sun International's (Transun's) earnings at the December interim stage continued to be felt in its results for the full year.

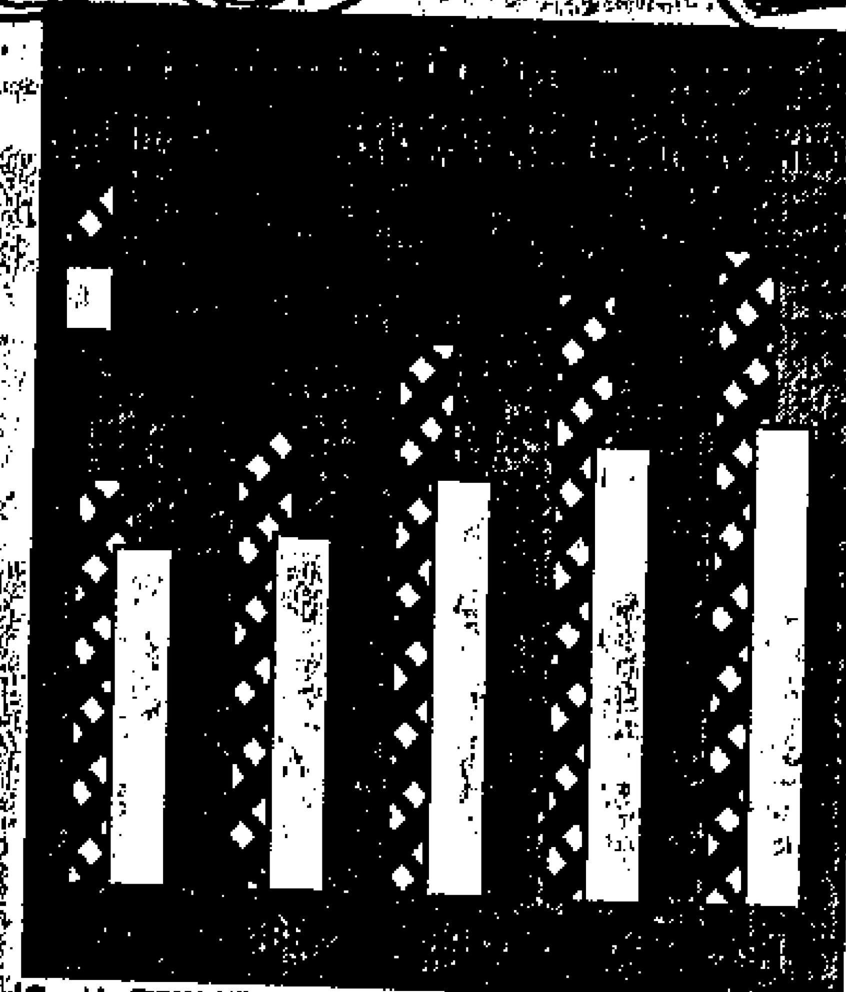
The hotel and casino group, in the Kersaf stable, has turned in an 8% increase in earnings to 36,9c (34,1c) a share for the year to end-June.

Chairman Ken Rosevear said yesterday that an average room occupancy of 73% for the year was down by 6% from the previous year, but still well above the average rate of 57% for three, four and five star hotels in SA.

8/8/91

Turnover grew by 18% to R192,6m (R163,1m), which Rosevear said was satisfactory.

However, the higher rate of casino levies (now 7,5% of gaming revenues) and increased wage rates saw operating profit rise by only 6% to R67,9m (R64,0m) and operating margins fall by 4%.



Graphic: FIONA KRUSCH Source: TRANSUN

A 38% higher interest income of R7,4m (R5,3m) resulted in a 9% rise in pre-tax profit to R75,2m (R69,2m). After a 10% increase in taxation to R21,7m (R19,7m), attributable earnings were R53,5m, 8% above last year's R49,4m.

A final dividend of 13,25c (12,5c) a share was declared, bringing the full year dividend up 6% to 27c (25,5c) a share.

Transun has changed its dividend policy to a 1,4 times cover compared with the previous 1,3 times "as a measure of prudency in the difficult economic climate and in the light of the Wild Coast Sun's expansion programme".

The R75m expansion and refurbishment programme — to be completed over two years — would be financed from Transun's existing cash resources and facilities.

Rosevear said the resort has been expanded four times since opening in December 1981, but it still had difficulty coping with the crowds. He hoped it would attract many more than the current 1-million visitors a year when the expansions had been completed.

Growth over financial 1992 is expected to be "only moderate" in light of poor economic conditions, high interest rates, upward pressures on costs and short term disruptions from construction activities.

Higher levies hit Transun

Star 8/8/91

(288)

By Sven Lünsche

Lower occupancies and rising casino levies hit earnings at Transkei Sun (Transun) in the year to end-June.

On a 18 percent rise in turnover from R163,1 million to R192,6 million, earnings per share showed a moderate increase of eight percent to 36,9c (34,1c) a share. The total dividend for the year was raised by six percent to 27c (25,5c).

Chairman Ken Rosevear says the Wild Coast Sun, by far the largest contributor to Transun's results, achieved an average occupancy of 73 percent during the year, which was six percentage points below the previous year.

Operating margins fell by four percentage points as a result of the higher rates of casino levies legislated in the Transkei and significantly increased wage rates, he comments.

Mr Rosevear expects the difficult trading conditions of the past year to continue in the current financial year, and consequently "earnings will show only moderate growth".

Disruptions are also anticipated in the construction activities at the Wild Coast Sun, details of which were announced by Mr Rosevear yesterday.

The entire project, which will be carried out in phases and will be completed by 1993, is expected to cost R75 million.

Construction of the first phase of the project, a new gaming areas and a new hotel entrance, has just commenced and should be completed by December this year.

The next phase of the project, says Mr Rosevear, is a R10 million redesign of the Starlight Dome, to make it a centre for family entertainment, followed by the construction of a three-floor car park.

The project will also cater for the building of additional luxury hotel-rooms close to the beach.

The building contract has been awarded to a joint venture company, comprising Grinaker Natal and Group Five-Stevenson.

Blacks want resort back

288

S T Times 11/8/91

THE Transvaal Provincial Administration will meet town councillors to discuss the demands by blacks in Ikageleng, near Zeerust, that a R4-million luxury Bushveld resort be handed over to them.

Last week's Sunday Times carried a report about the Ramosa Riekert resort which was built for blacks, but was being used by NP politicians and government officials.

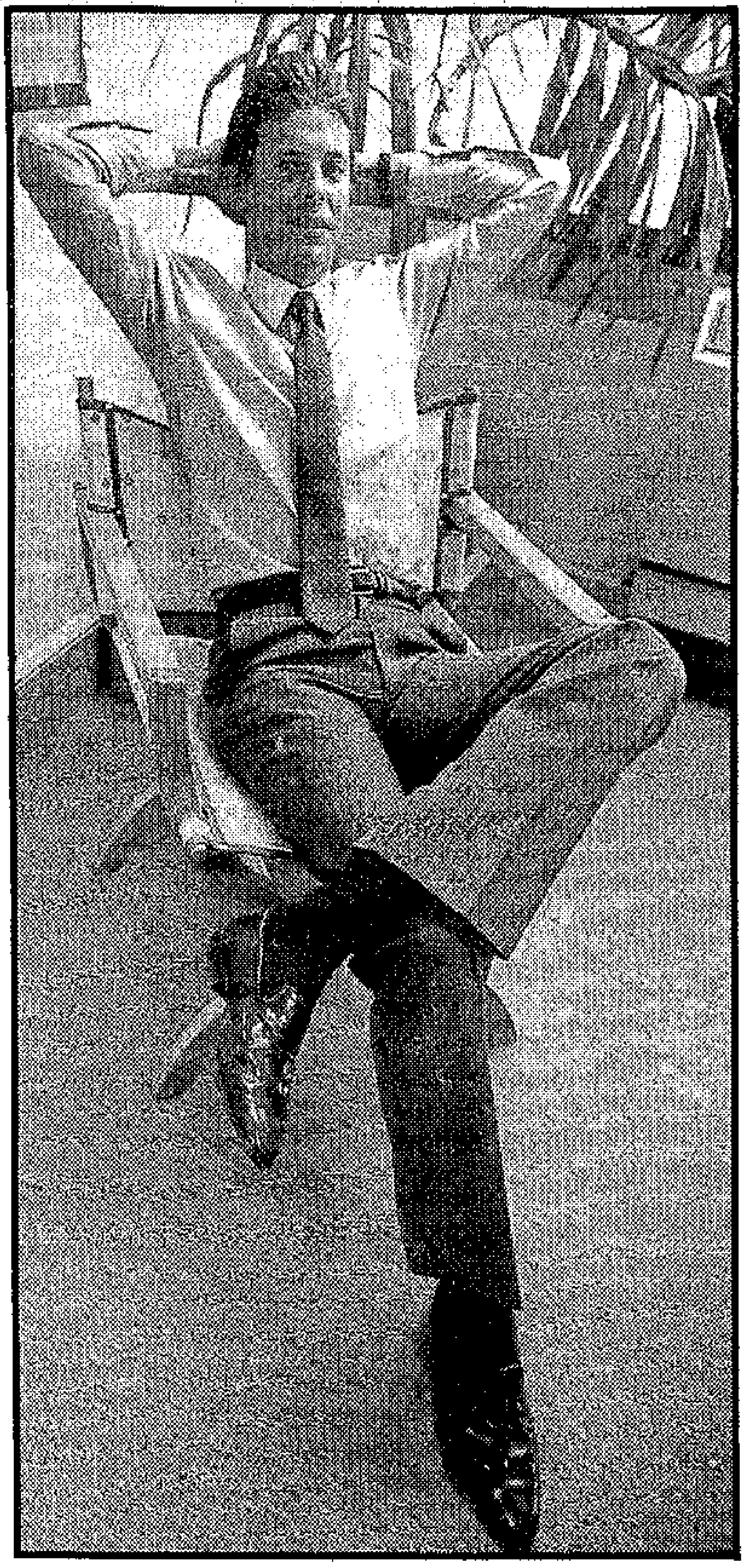
Interleisure rakes in pleasure rands

S/Times (Bus Times)

1/8/91

By IAN SMITH

(288)



MIKE EGAN: There's no sitting around waiting for better times

CONSUMER-oriented Kersaf subsidiary Interleisure has hit the treble, in spite of the downturn in consumer spending.

It has increased attributable earnings by a healthy 15% and slashed borrowings while absorbing a 72% increase in tax in the year to June 30.

Although managing director Mike Egan expects the recession to worsen, the decks have been cleared for major expansion.

The group is committed to spend R36,2-million — including R35-million on new cinemas — and another R27-million has been authorised by the board.

Pie

"We are not sitting around waiting for better times," says Mr Egan. "We are actively marketing to ensure that we get a bigger piece of the expected smaller pie. We are well placed to capitalise quickly on any upturn."

Results for the year to June 30 highlight the resilience of the leisure-based group, which includes cinemas, restaurants, sports goods distribution and stores, film production, and services to the entertainment business.

Turnover was marginally down at R383,1-million, but that is after nearly R46,4-million of the previous year's turnover has been stripped out because of the sale or closure of restaurants and sports outlets.

Taking account of the disposals, turnover should have increased by 13%, says Mr Egan.

Operating profit jumped 20% from R62-million to R74,6-million, and the interest bill was slashed from R6,4-million to R1,5-million — a 76% improvement.

Pre-tax profit rose 31% to R73-million, but the removal of tax incentives on film production sent tax payment soaring from R17-million to R29-million.

The net result was attributable earnings up at R40,7-million, or 1,7c a share. The total dividend has been raised to 11c, twice covered.

Operating margins improved from 16% to 19% in spite of the high inflation rate.

The improvement was not unforeseen by the market. The share price has risen strongly from 130c early this year and is now at 290c.

The question for investors must be whether the strong improvement in the group's performance is merely the heavy rationalisation in the sports and restaurant sectors or whether there is room for more goodies.

The fact that the yearend 20% operating profit growth is well ahead of the 14% increase at the half-year must give rise to greater expectations. The commitment to capital expenditure indicates the board's thinking.

Mr Egan, who took over as managing director in February after running Interleisure's service division, says that because the group is primarily in the consumer market it will continue to feel the effects of low spending.

Vat is likely to put more pressure on discretionary spending. Ster-Kinekor will be affected more than most by the new tax to cinema admission prices. They were exempt from GST.

"We will do everything we can to reduce the impact on admission charges, which have been running below inflation," says Mr Egan.

He is encouraged by the fact that Ster-Kinekor cinemas improved their market share, holding attendances at 13,5-million while others showed a real decline.

Planned cinema expansion includes 37 screens, with another 45 under negotiation. Interleisure is spending R8-million at SunBop's new Carousel resort at Babelegi. Plans include seven cinemas, a Victorian restaurant and a huge coin amusement centre.

Golf

The sports division recovered strongly after last year's restructuring, leaving Interleisure strong in distribution of leading brands, with only The Pro Shop, which sells golf gear, in the retail operation.

Sports turnover — mainly wholesale — grew by 30% and operating profit was up from R1-million to R8-million. The group is poised to expand its top-name sports goods, says Mr Egan.

The sale and the conversion of restaurants to franchise operations is almost complete with the recent disposal of the Longhorn and Bimbo chains.

"We have only a handful of restaurants left," says Mr Egan.

SunBop beats the slump odds

S|Times (Bus Times) ~~259~~ 288

11/8/91

By DAVID CARTE

SUN INTERNATIONAL Bophuthatswana shrugged off depressed operating conditions and R330-million of capital spending to lift earnings by 22% to R192-million in the year to June.

Chairman Sol Kerzner says the result was less spectacular than those of previous years, but in trying circumstances was still "truly excellent".

Casinos

The latest result means that SunBop has increased earnings at 43% a year compound since its listing five years ago.

Mr Kerzner says: "We are not immune to the economic cycle or to the political climate. Some of SunBop's 10 operating units felt the effects of recession, violence and lawlessness in SA. They were also hit by the Persian Gulf War.

"While national occupancies ran at only 55%, SunBop's dropped from 80% to 77%."

Revenue — the "win" in the casinos plus accommodation, food and beverage sales — rose by 23% to R772-million.

Because progress payments have been made on the Carousel and Lost City developments, cash balances were run down from more than R220-million last year.

Consequently, interest receipts fell from R38-million to R27-million. Debt equity is still only 11%.

Thanks to Bophuthatswana's generous tax treatment of hotels, the R1-billion capex programme has reduced the tax rate to about 25%. This compensated for the lower interest receipts and permitted taxed profit to rise in line with revenue.

Earnings a share gained 22% to 177c. A final dividend of 77c has been declared, making a 132c total.

Capex for the current year is budgeted at R501-million, of which R460-million will be spent on Lost City and the Carousel. All capex will be funded out of own cash flow plus borrowings already arranged.

Mr Kerzner says SunBop will not need a rights issue for expansion. Debt:equity will stay well below the self-imposed limit of 60% after completion of the two projects.

To preserve the capital base SunBop will offer shares instead of the final dividend. The new shares will be issued at 2 650c each, a discount of 9,3% to the market price.

Controlling shareholders Kersaf and the Bophuthatswana National Development Corp have opted for shares. If all shareholders follow their example, the additional retention will be nearly R80-million.

SunBop is still the jewel in the Sun International crown. It has become a major company in its own right, ranking 87th by sales among SA companies, 49th by assets, 22nd in terms of earnings and 13th by market capitalisation.

Valuable

How does SunBop view the political dispensation, particularly demands from the ANC that Bophuthatswana be reincorporated in SA?

Mr Kerzner says: "This company is a great asset to any government, no matter how the politicians resolve the problems of the new SA. After we open Lost City, we will employ 11 000 people in Bophuthatswana. Thousands more are employed indirectly. We make a valuable contribution to the tax base.

"I do not believe anyone would jeopardise such an asset. It is not far-fetched to compare Sun City with Disney."

Sun International chief executive Ken Rosevear says the company had to help police clamp down on illegal gaming in SA to protect its huge investment.

"We have spent hundreds of millions building up a successful industry. We have developed tourism and paid our taxes. We had to defend our position."

SunBop's PE of 17 is a tribute to astonishing accomplishments. The company prospers regardless of cycles and in spite of 70% dividend distributions.

The rating seems to discount some of the potential in Lost City and the Carousel but not SA taking its rightful place in world tourism.

Sun Bop scores with 22 pc rise in earnings

Star 12/8/91. 288

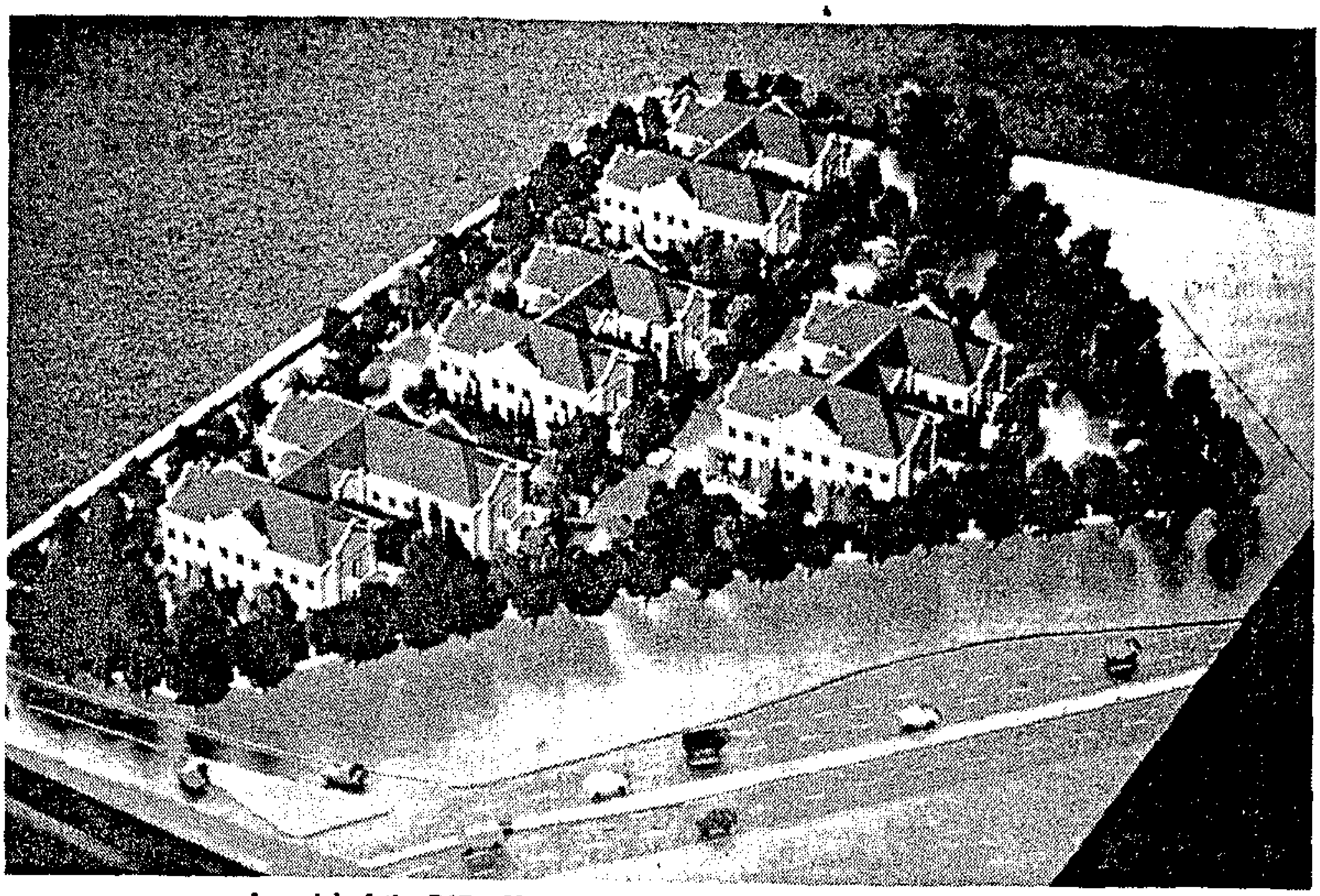
By Sven Lünsche

Sun International Bophuthatswana (Sun Bop) lifted earnings by 22 percent to R192 million (R157,4 million) in the year to end-June.

The rise in earnings was achieved despite a marginal decline in occupancies from 80 to 77 percent at the group's hotels and capital spending worth R300 million at Sun City's "Lost City" and "The Carousel" at Babalegi project.

The expenditure was largely financed through internal sources and saw interest payments fall from R3,4 million to R680 000, while the tax allowances on these projects reduced tax payments by more than R3 million to R64 million.

Turnover increased by 23 percent to R772,5 million (R626,5 million), while total payments to shareholders rose 22 percent to 132c (108c) a share.



A model of the R17m Morning View Office Park development in Sandton.

Time Housing works on two homes projects

BDay 14/8/91 288

TIME Housing is involved in two new housing developments — one in Richards Bay for Transnet and the other in the Cape Flats.

Time Housing recently completed an agreement with Transnet to develop a personalised suburb for people employed by the transport organisation in Richards Bay.

The suburb, which will consist of 80 houses, will be known as Jabulani Park and will be in Esikhawini. Time Housing regional director Tim Mitchell said the Transnet employees would be offered 15 home designs from which to choose.

"We have undertaken to provide a children's playground on a centrally situated park site in the suburb. In addition, Time will ensure that there is no stereotyping in roof lines, house designs and colours," he added.

About 400 people will be housed in the 80 homes, which will be bought with assistance from Transnet. The homes will sell at between R60 000 and R70 000.

Construction on the houses is scheduled to begin in August, with all 80 units ready for occupation in December. As Transnet owned a lot of land in the area, there would be further development.

Time is also developing two townships in the Cape Flats — Westgate and Hyde Park — adjacent to the R74m Westgate Mall shopping centre, which is scheduled to open in October.

"We hope this will be among the first new areas in SA to attract residents of all races. Houses are being built to individual requirements and will cost about R60 000," Time regional director Mike Hilton said.

The average site in Hyde Park is 280m², while the Westgate township average is 320m².

Westgate and Hyde Park are situated on the main road between Milnerton and Strandfontein and are about 10 minutes drive from Wynberg and 20 minutes from Cape Town.

Westgate Mall, covering 30 000m², is 70% let and has parking for more than 1 600 cars. In addition to major national chains and small shops, there will be four cinemas.

Cape Town mayor to take over Captour

B/Day 15/8/91. LINDA ENSOR (288)

CAPE TOWN — Cape Town Mayor Gordon Oliver is to take over as CEO of the tourist marketing organisation Captour when his term of office expires later this year.

Present Captour MD John Robert will act as chief operating officer under Oliver who takes up his position, a newly created one, on November 1.

Oliver will continue to be a city councillor, while his chairmanship of the Fairest Cape Association runs to end-October.

Captour chairman Jack Frost said yesterday Oliver had enjoyed considerable success as mayor promoting the image of Cape Town in SA and abroad.

Oliver said he regarded it as a priority for Captour to involve the disenfranchised community in tourism.

He also regarded it as an urgent priority for Cape Town to ensure that it won the competition to host the Olympic Games, probably in 2004.

Our Cape Town correspondent reports Oliver was also voted western Cape Marketing Man of the Year by the Institute of Marketing Management last night.

vember 18.

R80-m plan to boost eco-tourism

288

Star 18/8/91

Own Correspondent

DURBAN — A South African company and a London-based international merchant bank plan to raise R80 million in investment capital for eco-tourism projects in southern Africa.

Conservation Corporation has already bought an ecologically strategic 14 000 ha in Zululand, and a 46-bed luxury lodge is to open there next month.

Conservation Corporation is to be advised by Hambros Bank Limited, it was announced today. The investment capital will be sought both domestically and internationally.

South African partners in Conservation Corporation include JHI International (an affiliate of the J H Isaacs Group), David Varty (of Londolozi Game Reserve) and Cape Town-based financiers, Masterbond Trust. The ownership of Londolozi and JHI International will not be affected.

The first project — Phinda Resource Reserve — is a consolidation of 14 000 ha of private game land which connects Mkuzi Game Reserve, the Sodwana State Forest and the Lake St Lucia system.

Alan Bernstein, chairman of JHI International, will be managing director of Conservation Corporation. He described the new company as a significant private-sector initiative to combine conservation, tourism and financial skills. It would facilitate major conservation and tourism development projects throughout southern Africa.

Mayor lands top city post

288 CT 15/8/91

By CHRIS BATEMAN

IN an ambitious attempt to market the Western Cape more aggressively, the Mayor of Cape Town, Mr Gordon Oliver, will take up the newly-created post of chief executive officer of Captour from November 1.

His term as mayor ends then. The move coincides with his being voted Western Cape Marketing Man of the Year by the Institute of Marketing Management at a glittering function held at the Mount Nelson Hotel last night.

He will continue his duties as an elected city councillor until the next municipal election but concentrate his energies on the planning of domestic and international tourism for greater Cape Town.

Mr Oliver — who has achieved acclaim as "the people's mayor" because of his attempts to break down racial barriers — will resign as chief executive officer of the Fairest Cape Association on October 31.

Captour managing director Mr John Robért will remain in his position to "handle the nuts and bolts" but be answerable to Mr Oliver, said Captour's acting chairman, Mr Jack Frost, at a press conference yesterday.

Mr Frost strongly denied that the appointment implied any weakness in Captour's performance so far.

"Mr Robért is coming up to a period in his life when in the next few years he may be looking to retirement — in the meantime his experience will be put to the good," he said.

Mr Oliver said a major thrust was needed in marketing tourism as "our life-blood" to Capetonians.

NEW JOB . . .
Mr Gordon Oliver

FM 16/8/91 (288)

TIMESHARE FM 16/8/91

Winning on points? (288)

Flexi Club Foundation, part of a notorious timeshare set-up which left thousands of investors in the lurch to the tune of R30m, is alive and apparently thriving ... under a new name. But, claims chairman Dave Jehring, the new organisation is squeaky clean — and is managed by the "victims" of the old outfit.

Jehring is a former senior executive of the now liquidated Summer Leisure International (SLI) — the company which marketed and managed Flexi Club — but no other former board members are linked with the foundation. Jehring claims to be a white knight who sacrificed his SLI job more than a year before its collapse in order to expose what he considered a misappropriation of funds.

SLI, which was the subject of a Business Practices Committee investigation, was placed in liquidation last year. While Flexi Club was not wound up by the Rand Supreme Court along with SLI, there was speculation that it would soon follow since it shared the same resources (*Property* March 23 1990).

The SLI Flexi Club brand of timeshare involved the substitution of specific timeshare with points which allowed participants a choice of holiday destinations. This was a system which committee chairman Louise Tager said had much to commend it.

Obviously, Jehring shares this faith. He teamed up with Flexi Club investors 18 months ago to nurse the crippled foundation back to health — and by all accounts they've been successful. Jehring makes the surprising claim that those who have stuck with Flexi Club still have their holiday points and haven't been left out of pocket. Furthermore, the foundation, now trading under the name Flexi Holiday Club (FHC), is selling about R500 000 a month in new points.

"Flexi Club investors teamed up under the chairmanship of Bloemfontein advocate Chris Ederling to mount a rescue operation along much the same lines as happened with Mabula timeshare resort," says Jehring. A committee took over the club's administration in March 1990 and one of its first tasks was to reconcile debtors' accounts. "There seemed to be a lot of unaccounted-for money and though we've put through many journal entries we still haven't arrived at our adjusted final figure," Jehring comments.

All this involved a combination of sleuthing and picking brains to reconstruct mailing lists and other trading information which was contained on computer, but lost when SLI went into liquidation.

Another early decision was to take investors out of the Flexi Club Foundation and create a new organisation, the FHC. The foundation has thus been mothballed with no assets or creditors. "There were too many insurmountable legal gremlins in the foundation to continue with it," says Jehring. Timeshare investors in the foundation have been transferred to the FHC, which was formally constituted at the beginning of December.

The new identity has now been created; the constitution and all the relevant documents have been drafted. Jehring says: "We have just met with our auditors for an interim audit for FHC's first six months and it seems that the balance sheet is very healthy."

Assets include about R8m worth of properties which were all in the name of the foundation and SLI's liquidators were thus unable to attach them. In addition, FHC has since the beginning of the year acquired about R3m worth of new timeshare property at various resorts for its members. The organisation now owns about 2 200 timeshare weeks at about 80 resorts.

"We are still having difficulties with some developers over the points concept and the registering of timeshare in the name of the club," Jehring admits. "We also applied for membership of Tisa — the timeshare industry body which tries to set police standards — three weeks ago." While not rejecting the application out of hand, Tisa has asked for an additional payment for further investigation of the FHC points system.

Should people keen on timeshare consider investing in an organisation with such close ties to Summer Leisure? Jehring's answer is that the club's new constitution spells out strict management reporting procedures. Furthermore, if investors are unhappy with the management performance they can vote in new managers. This was not possible in the days of the foundation, when founder members had a power of veto.

In investment terms FHC is willing to take investor money for points — and the resale price of these points never changes, though there is a formula for adding points in line with the consumer price index. There is also an innovative "user charge" system for linking levies to holidays actually taken. But there is a catch — FHC has placed a three-year moratorium on buying back points while it completes the process of getting back on its feet again. After 1993, it will buy back up to 5% of the total investment in FHC in any one financial year, "to protect the rolling situation and prevent everyone cashing in at once," according to Jehring.

On the face of it, an impressive job has been made of rescuing a hopeless situation — but there is still some way to go. Before buying into the new club potential investors might be best advised to wait and see what Tisa thinks. ■

FM 16/8/91 (288)

KERSAF FM 16/8/91

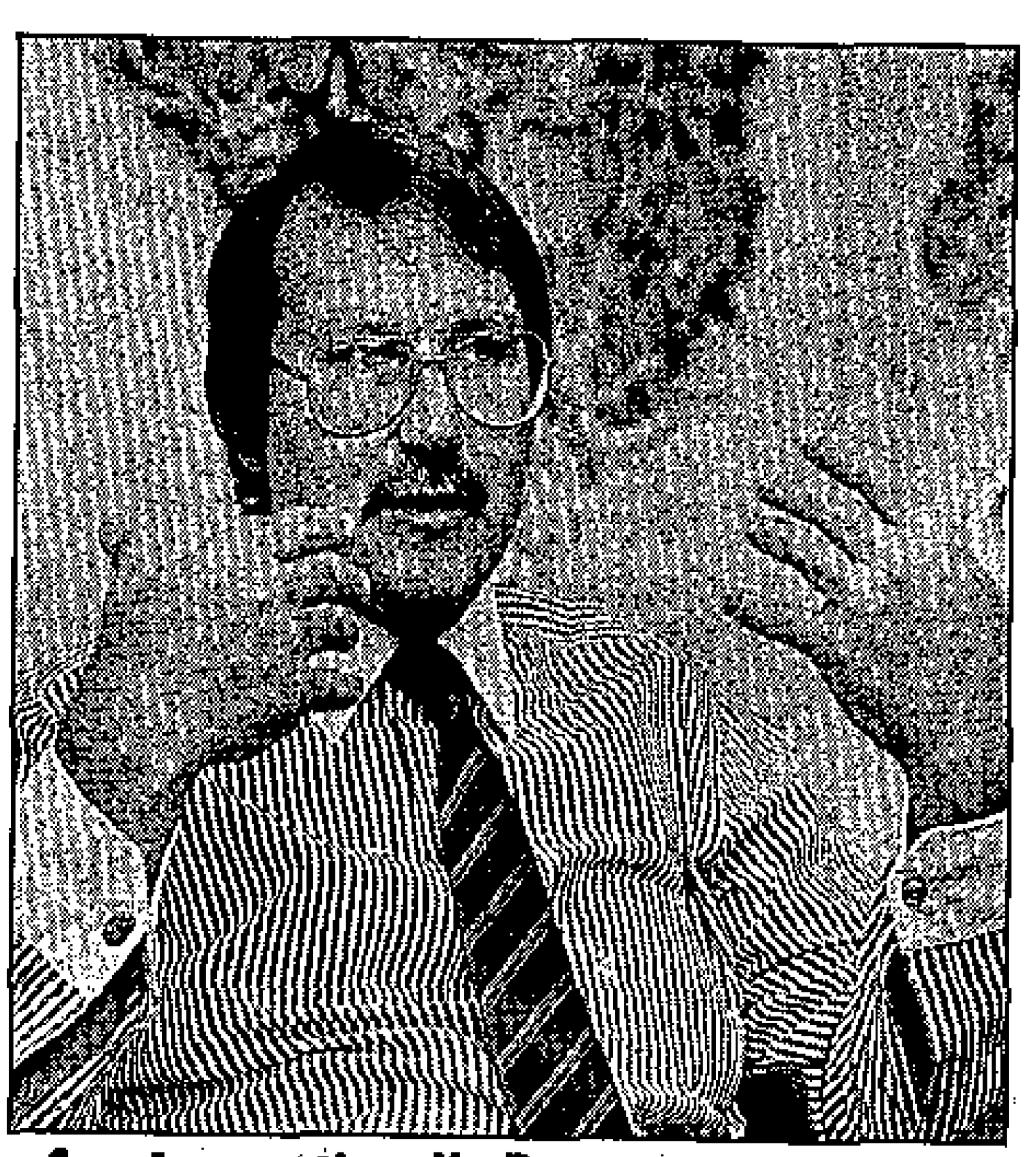
Pointers to profits (288)

The listed companies which kicked in 63% of Kersaf's last reported earnings have reported preliminary results in line with expectations, firming up predictions for Kersaf itself. Kersaf results are published next week.

Kersaf companies are characterised by low gearing and considerable resilience to economic downturns. The listed gambling resorts of Sun International, Sun Bop and Transun, and Interleisure all saw real increases in turnover. Only Transun, which owns Wild Coast Sun in Transkei, did not achieve real earnings growth. But the hotel industry has suffered from perceptions of increased violence.

Sun International MD Ken Rosevear says group resorts are not immune to recession: occupancies fell at both Bophuthatswana-based Sun Bop and Wild Coast Sun, where wage rates increased by 40% and gaming levies increased to the maximum 7,5%.

Rosevear says that Transun is in a mature phase, but expansion of R75m will generate real growth in the medium term. Nevertheless, it remains a good contributor. It has an operating margin of 35% and will continue to earn interest, up nearly 40% this year.



Sun International's Rosevear ... *resorts not immune to recession*

Sun Bop, on the other hand, will pay interest for the first time, because of two major capital projects, Sun City's Lost City and the Carousel at Babalegi. The Carousel opens in November. It is designed primarily for day-trippers and should generate considerable revenue from slot machines.

The Lost City, due for completion at end-1992, is much more of a gamble. The Palace Hotel is aimed at upper-income customers, as room rates will be around R600 a night. It will need more foreign tourists to keep occupancy around 75%. There will be new attractions for day visitors, including gardens and more slot machines.

The future of gambling once the homelands are reincorporated in SA is still uncertain. Sun City is therefore being expanded into more of a family-orientated theme park, through the Lost City developments.

The Sun Bop bottom line increased by 22%, though the operating margin slipped a point to 29%. Dividend cover remained a generous 1,3 and gearing is just 11%. To preserve cash, shareholders are being offered a choice of more shares instead of dividends. Brokers recommend taking the shares. Sun Bop is expected to continue to account for about 40% of Kersaf's earnings.

Interleisure's sports division had a strong recovery after its shrinkage problem was addressed by the end of the previous year. It increased operating profit from R1m to about R8m. Ster-Kinekor continues to provide about half earnings, as cinema attendances have been maintained. They will be boosted if Sunday screening is allowed. The tax rate jumped from 31% to 40% and the tax bill increased by almost three-quarters.

Attributable earnings gained 15%, though pre-tax profit increased twice as fast. MD Mike Egan says the tax rate will rise gradually to about 44%. Gearing fell from 22% to 3%. The debt position was helped by the disposal of remaining wholly owned restaurants: almost all are now franchised.

Frankel Max Pollak Vinderine analyst Chris Gilmour says unless there are surprises from other interests, Kersaf should report EPS of 215c, up 15%, and slightly better than the interim increase of 13%.

This is only moderate growth and represents a forward p:e of 16,4 on the present share price — which looks expensive.

Stephen Cranston

Two South Coast hotels sold in multimillion-rand deals

BDay 16/8/91

288

Own Correspondent

DURBAN — Two renowned Natal lower South Coast hotels have been sold — one to a Korean company, the other to a Cape investment concern — in multimillion-rand deals seen as great boosts for the tourism industry in the area.

The Margate Hotel, popular among tourists and a major conference centre, has been sold for R4,2m to Mantcorp Investment Holdings of Cape Town. Shops, offices and 100 beachfront holiday homes are planned as additions.

St Michael's Sands Hotel and golf course have been bought by a Seoul company for an undisclosed sum, believed to run into millions of rands. A huge upgrade programme is planned, but the timeshare part of the complex will remain separate.

Mike Usher, head of Camdon's in Margate, which negotiated the Margate Hotel deal, said upgrading could begin early next year and early phases could be ready before the 1992 Christmas tourist rush.

The hotel would continue to operate and it was likely that conference facilities would be improved.

St Michael's, a few kilometres north of Margate, was in the past two years redeveloped into a hotel-timeshare complex.

The new Korean owners planned a three or four-star establishment with the golf course improved to PGA standards.

Local director John Morelis said the present caddyshack would be replaced by a two-storey development including a lounge, sun deck and conference facilities.

Morelis said the new owners had insisted that benefits should accrue to local contractors and workers — about 90% of business will be allocated to firms in the area.

Leg in for SA hotels

HOTEL BROKING Services (HBS) has signed an agreement with London-based Robert Barry & Co to market South African hotels in Europe.

(288)

HBS managing director Errol Finkelstein says ~~there is much~~ foreign interest in investing in SA hotels. The deal will provide hotel owners with the best marketing channel, he says.

Representatives of hotel chains and hoteliers from North Africa, the US, the UK and Germany are due to visit SA in the next few months.

S|Times (Bus|T) 18/8/91

Mr Finkelstein was surprised at the detailed knowledge of big hotel chains and merchant banks about the SA market. Co-director Rory Stear extended his stay in London to conclude the sale of a Cape hotel and to meet more potential investors.

"Special reasons make quick investments in hotels attractive, but general investment is viewed with more scepticism," says Mr Finkelstein.

Ciskei Sunshine

(288) S/Times (Buss/T) 18/8/91

By DAVID CARTE

SUN INTERNATIONAL Ciskei reports taxed profit up 51% to R28,6-million in its first results since listing.

The number of shares in issue after the listing increased by 50% to 75-million, with the result that earnings a share (on a weighted 68,7-million shares) rose 10% to 41,5c (37,8c). This beats the prospectus forecast of 40,3c.

With occupancies of 56% — in line with those of SA — Ciskei Sun increased turnover by 26% to R103-million. Operating profit rose 22% to R32,7-million. The slightly lower margin was the result of large pay increases.

Interest paid dropped 43% to R4,2-million and tax was negligible at R64 000.

Casino revenue rose 30% thanks to an increasing number of day trippers, high-value jackpots and cost-effective marketing and promotions.

The directors report that the Government is not in favour of maintaining gambling exclusivity, but they "do not consider that any meaningful competitive gaming situation will arise in the short to medium term".

Chief executive Ken Rosevear says: "Flagship Fish River Sun struggles to cope with the trade, so we are spending R18-million on expansion. The Mpekweni family resort and the Amatola at Bisho met budgets."

Protea on the 'Mile' 288

PROTEA HOTELS has signed up the Palace Hotel on Durban's Marine Parade.

The lack of a Protea hotel on the Golden Mile has been seen as a major gap in its strategic armour. S/Times

A four-star grading will be sought. (Bus/T) 18/8/91

The Palace was owned jointly by Grovewalk Holdings and Southern Sun. But earlier this year, Grovewalk bought the Southern Sun holding and decided to switch management to Protea.

NER!

paper

(288) CT 19/8/91

SunCisk boosts earnings 51%

LESLEY LAMBERT

JOHANNESBURG. — Sun International (Ciskei) has shown excellent form during its first year as a listed company, with earnings of 41,5c a share exceeding the 40,3c forecast in the prospectus.

Attributable earnings for the year to June 30 grew by 51% to R28,6m, helped along by lower interest charges, a tax credit and a healthy increase in turnover. Growth in EPS was limited to 10% by a 50% increase in the share base.

Turnover grew by 26% to R103,1m in spite of tough conditions in the hotel industry. Chairman Ken Rosevear attibuted this largely to a 30% increase in the contribution of the casino operations and ongoing growth in the number of day trippers to the Fish River Sun, one of the four hotels owned by the group.

He said SunCisk planned to spend R18m on extensions to facilities at the Fish River Sun because existing facilities could no longer accommodate the growing number of visitors from Port Elizabeth, Grahamstown and East London.

Operating profit grew by 22% to R32,7, with operating margins eroded by escalating wage costs and an increase in gaming levies at some of the resorts.

Interest charges were reduced substantially by stronger cash flows and funds received from the share issue to former 'A' shareholders in October last year. This contributed to the 47% growth in untaxed profit of R28,49m.

The company received a R64 000 tax credit for over-provision in previous years which pushed attributable earnings up to R28,55m. This represented 51% growth on the previous year and was R900 000 higher than forecast earnings.

As indicated in the prospectus, SunCisk will distribute 70% of attributable earnings. Retained earnings at September 30 were distributed before the issue of additional shares. The current 70% dividend was paid with effect from October 1990 and a final dividend of 6,7c for the three months to June 30 1991 has been declared.

The growth in casino revenue made up for an average occupancy of 56% which was in line with that of other three-, four- and five-star hotels in a depressed industry.

Rosevear said the Ciskei government's recent disapproval of the full exclusivity of SunCisk's gaming rights did not present a short to medium-term threat to the company's competitiveness in the area. SunCisk was awaiting clarification of matter, he said.

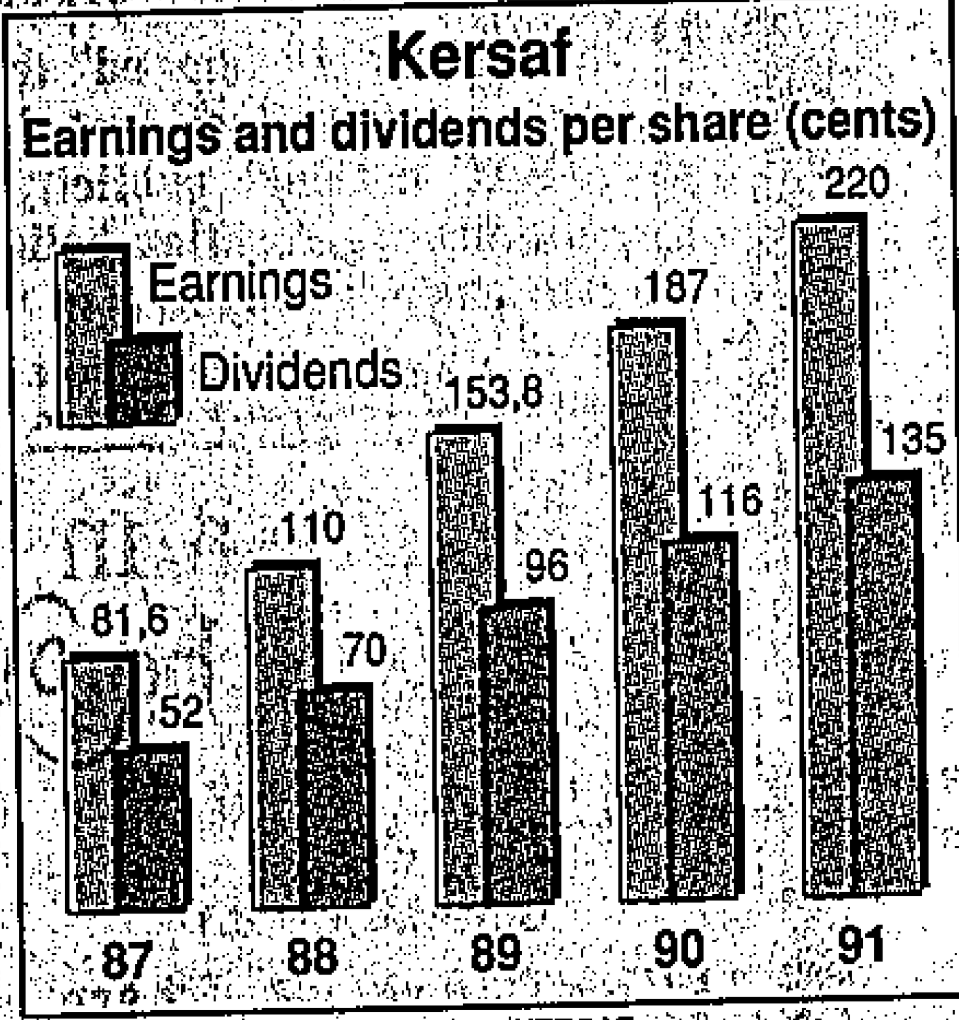
The balance sheet was healthy at the year end, with interest bearing debt reduced from 123,6% to 61,6% of shareholder's funds. Rosevear said the Fish River Sun extensions would be funded out of cash resources which exceeded R18m, as well as cash flow and limited borrowings.

Poor trading conditions were likely to persist on the back of high interest rates, ongoing pressure on wages and VAT. But, prospects for the current financial year were expected to be satisfactory, particularly once the benefits of Fish River Sun expansion start flowing through in the second half, Rosevear said.

Kersaf shrugs off heavy capex

BDay 22/8/91

MARCIA KLEIN



Graphic: FIONA KRISCH Source: KERSAF

KERSAF Investments has shrugged off significant capital expenditure and the weak economy to produce real earnings growth in the year to end-June.

Earnings were boosted by 18% to 220c (187c) a share on the back of excellent results from major contributor Sun International Bophuthatswana and better than expected results from entertainment group Interleisure. 288

Kersaf, whose subsidiaries include Sun International, Interleisure, Kersaf Liquors and offshore operation Royale Resorts, increased its turnover by 15% to R1,79bn (R1,55bn).

□ To Page 2

Kersaf

BDay 22/8/91.

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Interviewed yesterday, chairman Buddy Hawton said the increase would have been 18,5% if it were adjusted for discontinued or disposed of operations in Interleisure. Operating profit was 16% up at R506,9m (R436,6m).

Interest received was 5,5% higher at R50,8m (R48,1m), and interest paid was down by 26,4% to R19,6m (R26,6m). Pretax profits increased by 17% to R538,1m (R458,1m), and after 11,6% higher tax of R143,1m (R128,2m), profits grew by 20% to R395,0m (R329,9m).

A 21% increase in earnings attributable to outside shareholders to R229,7m (R189,7m) saw attributable earnings grow by 18% to R165,3m (R140,2m).

The final dividend of 77c (66c) a share brought the full year dividend up by 18% to 135c (116c) a share, covered 1,6 times.

Hawton said the reduction in current assets to R495,9m (R624,3m) was partly due to the significant amount of cash required for the group's expansions at its casino resorts in Bophuthatswana and Transkei.

Despite R406,6m capex for the year, the balance sheet was still strong, and gearing was reduced from 17% to 12%.

He said the results were "most satisfactory". Although occupancy at the group's resorts was 5% down at 68%, he said this was well above the average of comparable hotels in SA. Casino revenues were 25% (23%) up on the previous year.

Hawton said as relationships with the rest of the world improved, Kersaf could look at offshore investment opportunities in an unfettered fashion.

In terms of the SA market, he said there were fewer hotel rooms filled, less employment and lower room rates (if one adjusted for inflation) than 15 years ago. He said Kersaf would be careful about investing in SA. However, he said the development programme at Babelegi was a vote of confidence in the country's long-term prospects.

Talks were taking place with Namibian authorities "who were favourably considering gaming". He said this was a market that Kersaf would like to tap.

Kersaf lifts earnings and boosts dividends

Star 22/8/91

By Jabulani Sikhakhane (288)

Kersaf did well in the 12 months to June, with earnings growth of 18 percent to 220c (187c) and dividends up 16 percent from 116c to 135c.

Group turnover rose 15 percent from R1,55 billion to R1,79 billion. The operating margin was maintained at 28 percent, boosting operating income 16 percent to R506,86 million (R436,62 million).

Despite heavy capital expenditure in group operations and a R430,75 million increase in operating assets, Kersaf reduced gearing from 17 percent to 12 percent.

Although long-term borrowings rose R13 million, this was offset by a R41,16 million reduction in short-term borrowings to R33,17 million. Interest payments fell R7 million.

Although net cash was marginally down because of expansion in Bophuthatswana, interest received rose to R50,79 million (R48,13 million), which helped lift pre-tax profit 17 percent to R538,06 million.

Kersaf also benefited from a lower effective tax rate. Taxed profits were up 20 percent to R394,99 million, offset somewhat by an increase in earnings attributable to outside shareholders.

Executive chairman Buddy Hawton says the 80 percent held in Sun International achieved good results.

Revenue from casino operations was up 25 percent on the previous year. But room occupancies at group resorts were down five percentage points on the previous year to 68 percent. However, Mr Hawton says this was above the industry average.

The 38 percent-held Interleisure did well in the face of the economic slowdown.

The feature was the recovery in the sports division, while cinema attendances were mantained at last year's levels.

Offshore operations (in Europe and Mauritius) held through Royale Resorts were affected by the Gulf war and the temporary closure of Saint Geran Sun in Mauritius for refurbishment.

Improved image

A better perfomance is expected from Royale Resorts in the coming year. Further expansion opportunities are being sought and Royale should benefit from SA's improved political image.

"Royale had to be circumspect because of the connection with South Africa. Now we can take advantage of opportunities."

Mr Hawton is excited about the new Babelegi operations. However, he says the opening of Babelegi will, in the short term, impact on Morula Sun and Sun City as day trippers are drawn to the new operation.

Kersaf is examining possibilities of building a second facility in Francistown, Botswana.

Despite depressed conditions, Mr Hawton is confident Kersaf will show acceptable growth.

HOTELS FM 23/8/91

The kissing stops (288)

What was once SA's premier honeymoon hotel, the La Crete overlooking Uvongo Lagoon on the Natal south coast, is up for auction. If sold it will leave the hands of Natal's well-known Van Dongen family, which has run the establishment for the past 50 years.

The auction is set for September 19 and should attract considerable interest. The site is one of the more spectacular on the Natal south coast, and since it is close to the Wild Coast Sun is well-placed to pick up the casino's spillover trade.

Elizabeth van Dongen, whose husband Basil and brother Fred run the business on property still owned by their mother Violet, says the family wants to retire. With their

FM 23/8/91 (288)

children established in careers and not interested in taking over the hotel, they have decided to auction it. "We've had several offers in the past," she says, "but nothing was finalised, so we decided that auctioning the property might be the best way of disposing of it."

The family, which bought the hotel soon after it was built and upgraded it from 20 rooms to its present 100, has set a reserve price but will not disclose it.

"In the Fifties and Sixties this was the country's most popular honeymoon hotel," Van Dongen says.

One of the more ambitious recent plans for the La Crete was masterminded by Durban-based financial consultant Joe Forbes, who tried through public subscription to raise funds for a proposed R263m hotel complex to be built on the site. He only managed to attract R19m. ■

FM 23/8/91 (288)

SUN CISKEI

Forecast beaten

Sun Ciskei has experienced occupancy levels about in line with the hotel industry, around 56%. While hotels in SA, however, are only just breaking even, Sun Ciskei has an operating margin of 32%, higher even than Sun Bop's 30%, which has occupancies of around 75%. Revenue from casino operations increased by 30%, which enabled Sun Ciskei to beat the EPS forecast made at the time of listing by more than a cent.

Based simply on the historical results, Sun Ciskei looks like one of the few bargains available on the industrial boards. It has an earnings yield of 15,8% and a dividend yield of 11,1%. This is about three times the yields available from Sun Bop.

Sun International MD Ken Rosevear says that, for the casino resorts, hotel occupancy is not the crucial factor it would be for normal hotels. This is particularly true of the Ciskei operations. The flagship Fish River Sun has an occupancy of 65%. But, Rosevear says, it is overbooked at peak times. This is one reason the group is spending R18m on extensions to the resort.

Occupancy averages are brought down by the Mdantsane Sun, which is primarily an entertainment facility and where accommodation plays a minor role. The Amatola Sun caters for the East London business market, and it has suffered from the slump in the Border region.

Three factors may account for the relatively low rating of Sun Ciskei's share. Debt is one: Sun Ciskei still has R31m in long-term debt, which Rosevear says is unlikely to be reduced this year. Gearing was halved to 62% during the past year, because of the conversion of A shares into ordinary shares in October 1990 and the listing in March.

Secondly, Sun Ciskei is paying almost no tax and this could change along with the political status of the Ciskei. Thirdly, the Ciskei government has indicated that it may alter the group's exclusive licence to gambling in the territory. Management, though, does not believe that any meaningful competitor will arise in the medium term.

The full effects of the share dilution on listing will be reflected in next year's results. There are 75m issued shares, 50% more than at the end of 1990 and 9% higher than the weighted average for the 1991 year. Sun Ciskei's growth is almost certain to outstrip the dilution by a considerable margin.

Stephen Cranston

CISKEI'S THE LIMIT

Year to June 30	1990	1991
Turnover (Rm)	82	103
Operating income (Rm)	27	33
Attributable (Rm)	19	29
Earnings (c)	37,8	41,5
Dividend (c)	—	6,7*

* For three months as a listed company.

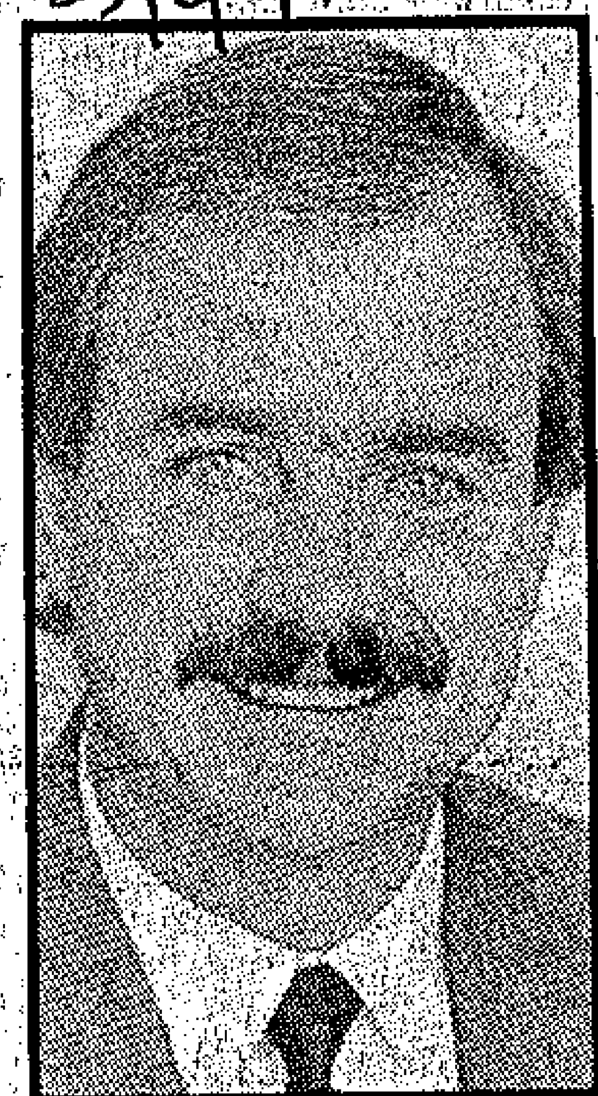
Inland timeshare sales are holding their own

BDay 23/8/91 (288)

INLAND timeshare sales are evenly balanced against those in coastal resorts — and while the incidence of inland developments is increasing they are not seen as competition for coastal properties, says Timeshare Institute of SA chairman Bruce Ravenhill.

"Timeshare in this country got of the ground in the Natal South Coast region," he says.

"Today, timeshare ownership has opened up a wide range of holiday options to the man in the street.



BRUCE RAVENHILL

Trend

"An increasing number of people hold several weeks — and the trend is to spend one week at an inland resort while the main two-week annual holiday tends to be spent at the coast."

The South Coast boasts a significant portion of the stock while limited space is available in the area for further development.

Growth, in terms of value, has been good to the far south near the Wild Coast Sun.

Durban — which lost favour among buyers during the short-term upheavals following the opening of the beaches to all races — has regained ground as a location offering good value for money.

By contrast, the Cape timeshare market continues to suffer the effects of seasonal cycles.

Despite the "green season" promotion of the Cape Town Tourist Bureau, the past winter season has been among the worst in years.

Chancy

"The average holidaymaker from the Transvaal tends to consider the Cape too far from home and the weather too chancy to regard it as a first choice for a holiday."

The Cape west coast, however, is gaining ground within an established, usually upper-income niche market.

"Resorts such as Port Owen and Club Mykonos have identified market segments and structured and marketed themselves accordingly," says Ravenhill.

"It is no longer enough for a development to be at the coast. It should offer specific types of activity, such as golf, sailing, scuba diving or fishing, and needs to develop an identifiable character."

Along the west coast, resorts offer various watersports and golf — but the natural environment is probably the biggest drawcard.

Unspoilt

The spring flower season draws thousands of visitors and promises to become an important attraction, while the unspoilt wildness of the coastline has tremendous appeal.

Ravenhill says demand for holiday accommodation will not lead to overdevelopment of the west coast.

"It's too far from Johannesburg to have mass appeal and the people who go there go in search of the natural environment they know they will find," he says.

"A large percentage of buyers of timeshare property along the west coast are based in Cape Town.

"They comprise a relatively small market with a huge range of options to choose from."

Port Owen is gaining ground in the upper income niche market.

Revamp for old Durban Station

THE R30m redevelopment of the old Durban Station building is set to begin within the next four months.

Compass Property Holdings recently acquired the minority interest in the property formerly held by Monex, making Compass the sole owner of the building.

Ampros manages the Compass portfolio.

Design and development director Fred Bihl says Ampros' objective in the redevelopment will be to produce individualised accommodation in context with the Victorian facade.

The structure behind the facade will be demolished to make way for state-of-the-art A-grade accommodation in a project expected to take about 18 months.

Monex and Compass remain in partnership in the nearby Platform site adjacent to The Workshop, with Monex as dominant shareholder.

Commencement of work on the Station development is expected to facilitate negotiations for the R70m financing needed for Workshop Too — a retail development planned for the Platform site.

Workshop Too encompasses the development of an extension to The Workshop linking under Commercial Road, the Station building and Pine Street back to Poynton's building on the corner of Gardiner and Pine streets, and through into the central mall of 320 West Street.

Core tenants committed to Workshop Too are Woolworths, Truworths, Foschini and Markhams.

Local tourist industy looks set to improve

B Day 23/8/91

(288)

COASTAL hotels are performing better than inland resorts, says Protea Hotels MD Arthur Gillis.

"A variety of factors — including the Gulf War, the international and domestic recession, political uncertainty and the increase in black-on-black violence — has put the local tourist industry under pressure.

"But the situation is improving and I am optimistic about the future."

ARTHUR GILLIS

Promising

While business travel has dropped, he says bookings for the forthcoming international season look promising.

"If all the reservations we have on our books for the September/October/November season materialise we will have an excellent season.

"During December and January, when our occupancy rate is largely taken up by local visitors, we expect to do well because our affordability enables us to compete against more expensive holiday destinations in a tight market.

"So far, the second international season — through February and March — also looks promising," he says.

There are discernable differences in performance from one area to the next, however.

"The Natal South Coast, for example, is only just beginning to come back into its own after a bad run, due largely to the floods of a few years ago, overbuilding which led to an oversupply of accommodation and overcrowding of the beaches," he says.

The Cape is performing better, although it is more sharply seasonal and has just experienced its worst winter season in years.

Protea is tackling the challenges of the weak market head on, with packages to bring visitors from Johannesburg to Durban and Cape Town.

"For the price of an air ticket the visitor gets a return flight and seven nights bed-and-breakfast accommodation in a four star hotel," he says.

These packages are in line with the 63-hotel chain's original pledge to bring affordability to family hotel holidays.

Impacted

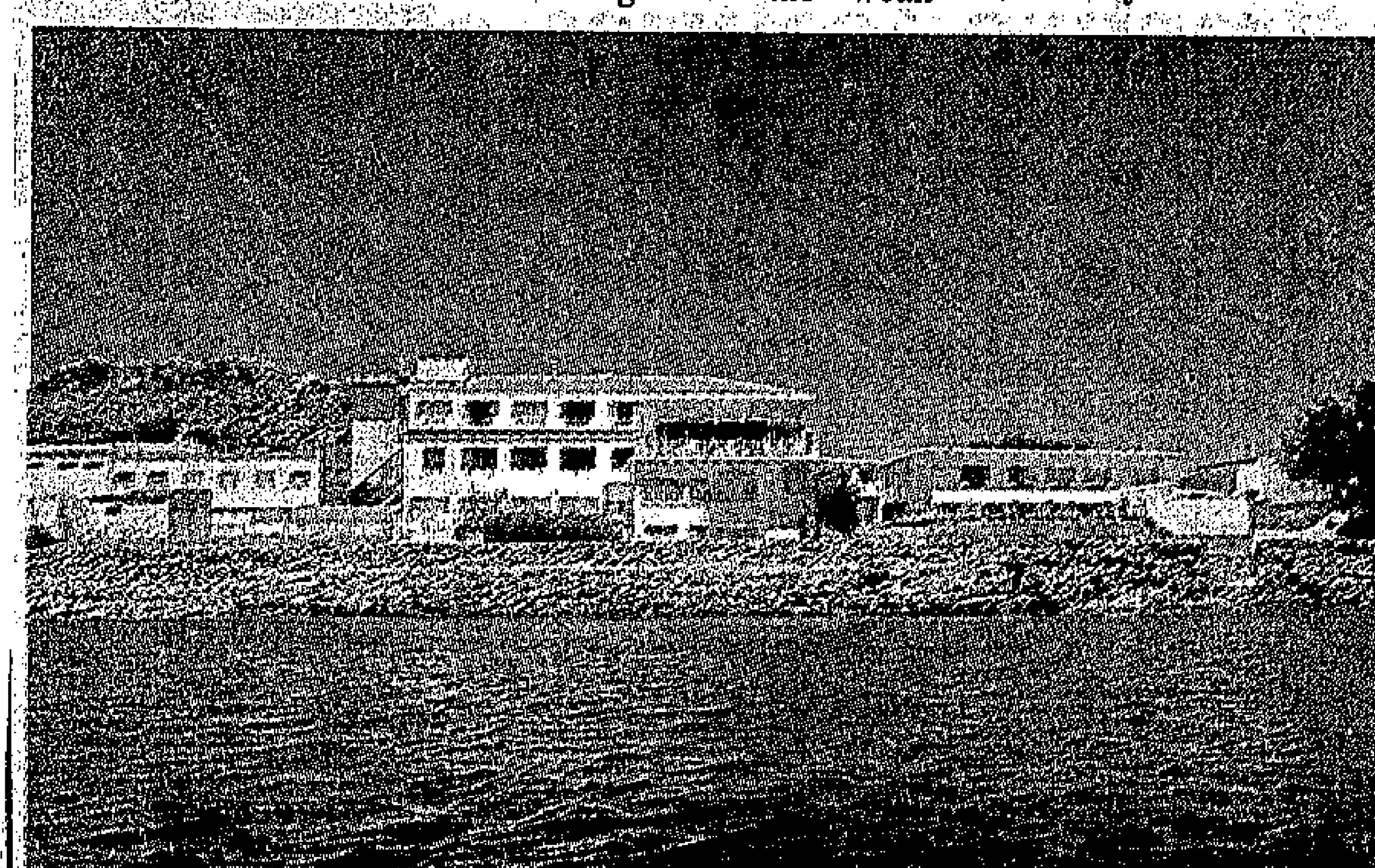
Gillis says the performance of his hotels has been only marginally impacted by the introduction of the economy hotel concept by the City Lodge chain.

"Economy hotels fulfil a need.

"Almost every traveller will find an economy hotel ideal for his needs at some time or another — but they are not the sole answer.

"A traveller staying in town for several days needs the convenience of on-site meal facilities and room service at a reasonable price.

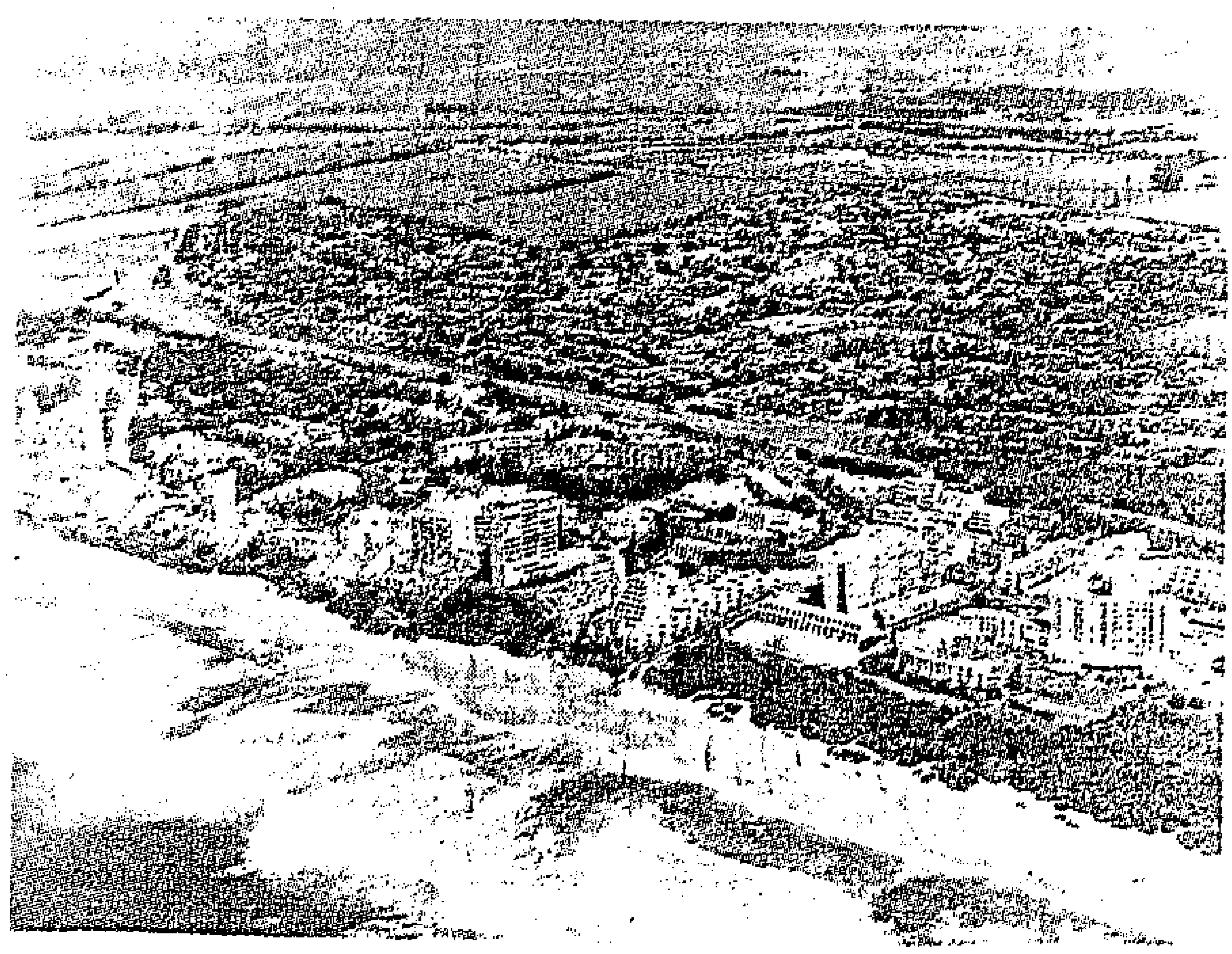
"That is where we slot in," he says.



Saldhana Bay Protea Hotel.

Business Day SURVEY

The natural environment can add to the intrinsic value of a project, but property developers are not obliged to carry out environmental impact studies. Public censure and bad publicity are the only sanctions against irresponsible developers. **VAL PIENAAR** *looks at conservation and other trends in SA's coastal property market.*



Umhlangha still has massive appeal for up-country investors.

Many aspire to holiday homes

BDay 23/8/91 (288)

THE market for top-priced holiday homes is close to saturation, but there is still demand for moderately priced accommodation, says JH Isaacs residential director Andrew Foxcroft.

Statistics — which indicate South Africa is a relatively poor country with a small percentage of affluent people — do not augur well for developers pouring money into multimillion rand holiday complexes.

According to Market Research Africa's latest report, excluding the farming community, only 6% of whites have assets in excess of R500 000 and a mere 1,7% are rand millionaires.

Despite this, South Africans still aspire to own holiday homes in sufficient numbers to place pressure on available land.

"The nature of coastal property is that the land available in any one area is limited.

"Consequently, areas which were once isolated natural retreats are now densely populated during the holiday seasons, which reduces their attractiveness.

"Environmental legislation increases the scarcity of available sites but it is essential if holiday spots, particularly in areas such as the Natal North Coast, are to retain their appeal."

Foxcroft says the effectiveness of legislated environmental conservation is tempered by the effect of "people pollution".

"Large numbers of people put tremendous strain on the environment and this is threatening to ruin our natural coastal heritage.

"As previously untapped markets open up there is increasing pressure to develop new tourist areas.

"The existing overdevelopment along much of the Natal coastline is driving people to the Cape, where the tourist industry is growing at a tremendous rate."

Overseas investors are optimistic about future

B Day 23/8/91

(88)

OVERSEAS investors are optimistic about South Africa's long-term future and demand for investment property is strengthening, says Syfrets group property finance GM Brian Button.

"The perspective is that property in SA is among the best investments in the world," he says.

Confident

"Whereas local investors are hesitant, adopting a wait-and-see attitude, overseas investors are confident SA's problems are on their way to being solved and are eager to snap up good properties at bargain-basement prices."

Demand is generally strongest in the coastal areas, perceived by investors as being more stable and further away from trouble spots.

"Johannesburg is a boom or bust city. There are a lot of inquiries parallel to the development opportunities there — but the property market on the Reef is cyclical.

"Even Durban is favoured over the Reef, despite the unrest of the past few years in Natal.

"In fact, it also outranks Cape Town because its proximity to the Reef enables it to offer more industrial development opportunities."

Durban and Cape Town remain the focal points of the investor's interest in SA coastal property.

While entrepreneurs say Port Elizabeth's future as an industrial centre is assured, especially with the lifting of sanctions, investors consider it too dependent on the volatile motor industry to be a safe bet.

But wherever they put their money, Button says, investors are becoming selective of the tenants occupying their properties.

"No company dependent on tax concessions will attract a second glance from an investor — and investors won't go into subsidised areas because they are perceived as lacking long-term security.

BRIAN BUTTON

"Subsidisation has a worrying effect on the investment potential of properties.

"No one can deny that some tax concessions are necessary, but government's decision to link subsidisation to profitability is welcome.

"Straight subsidisation encourages inefficiency, and because it cannot be relied on in the long term its presence is a deterrent to property investment."

Today's investor looks for properties housing viable tenants with proven track records who can be expected to continue paying rent on a steady basis.

In selecting office developments, investors are sensitive to gearing.

"Space oversupply is not a major problem provided sophisticated investors recognise that, because of the cyclical nature of the property industry, it is difficult to time projects perfectly," Button says.

"Developers who are too sensitive to the risk of medium-term oversupply can risk missing the boat in the long term.

"By developing later in an inflationary environment their projects can be less competitive than buildings completed during a glut, and because they risk being too late to take up the slack when demand for space catches up with supply.

Gearing

"In today's investment climate, a well-located development will have little difficulty in finding a backer — provided the level of gearing is right."

Developers must balance the costs of building later, in an environment in which building costs increase at close to 20% a year, or holding onto empty space during an unfavourable letting market.

"High gearing, because of the unpredictability of interest rates, can play havoc with the medium-term viability of a project and is a deterrent to investors," says Button.

Attractive features can be spoiled by loading capacity

B Day 23/8/91 (88)

IF A development overloads the carrying capacity of a coastal environment it degrades rapidly.

The features which attracted people are destroyed — sometimes irrevocably — and the long-term ecological and socio-economic consequences can be devastating.

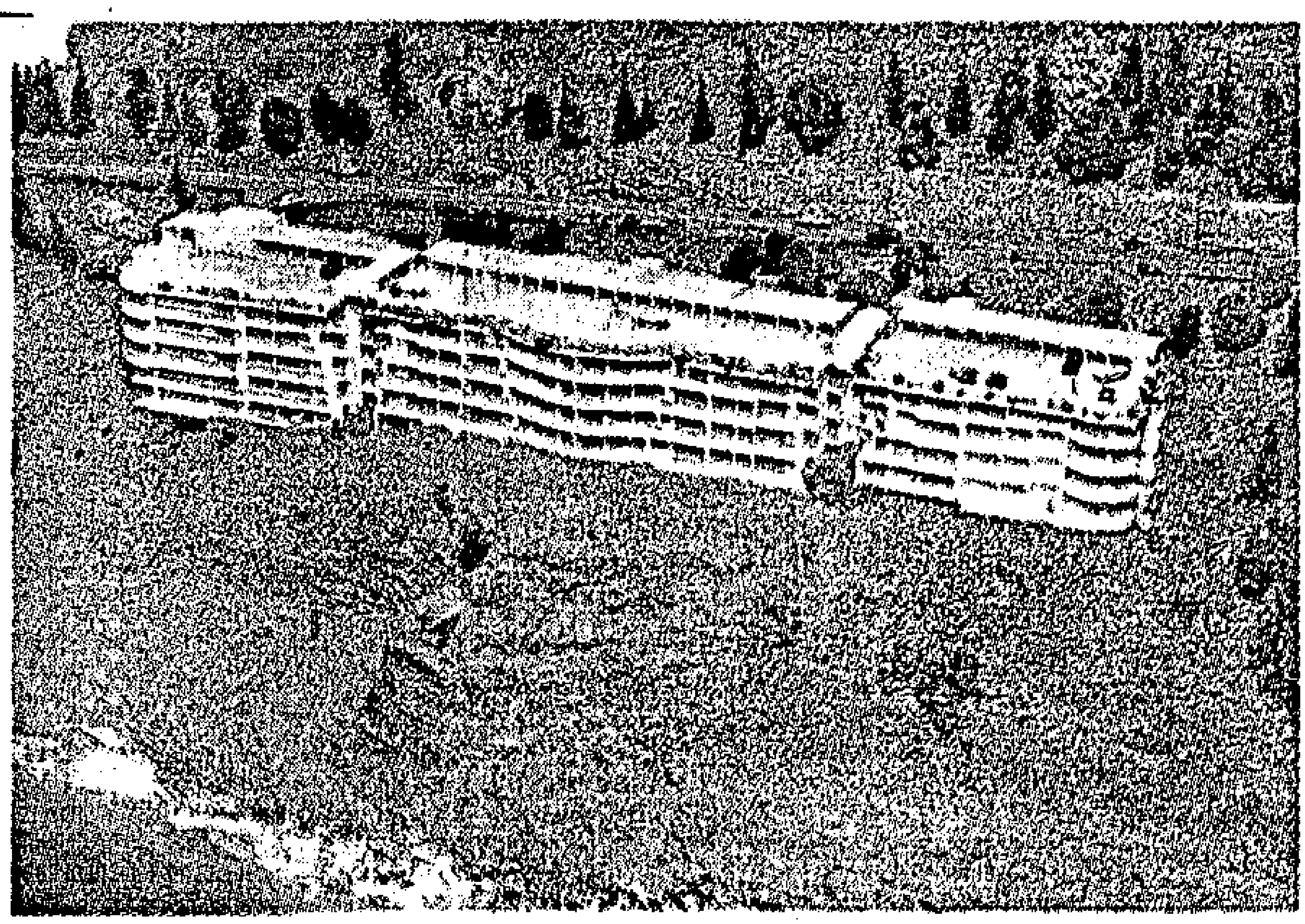
Haphazard development has dealt a death blow to many parts of the overcrowded Natal South Coast and the Wilderness area and the pressure of population expansion coupled with the projected growth of the tourist industry could put more areas at risk if developers and government do not act to prevent it happening.

The committee for coastal and marine systems of the Council for the Environment, headed by Dr Allan Heydorn, has established the foundations of a comprehensive policy on coastal zone management (CZM).

Heydorn says: "We are not anti-development. Economics and conservation are mutually dependent and any policy must take into account the needs of people living in the coastal zone or wanting to use it for recreation.

"But development must be carried out in a way that is sensitive to the environment. This is in the interests of the developer and the nation.

"The aim of CZM is to ensure development in the coastal zone is regulated to benefit the greatest number of people while at the same time safeguarding the environmental features and ecological processes of the coast."



1 Chapman's Peak Drive overlooking Hout Bay.

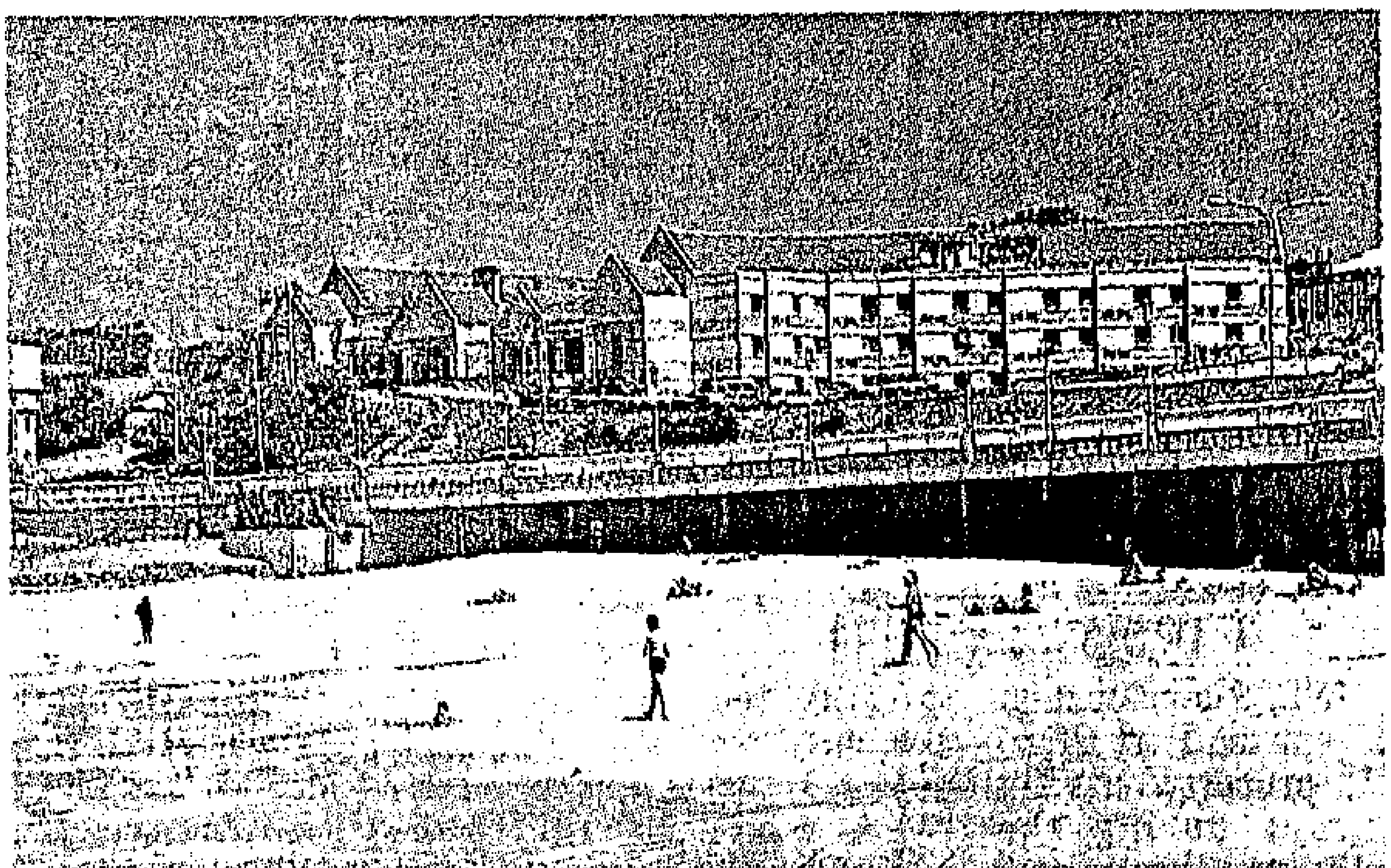
Developers ignore the implications of CZM at their peril.

Developments which destabilise the natural vegetation of a coastal dune area, for instance, can leave them vulnerable to driftsand, and waves can destroy structures built too close to the high tide mark.

Sound financial planning takes environmental issues into account.

The new Time Projects development overlooking Hout Bay — 1 Chapman's Peak Drive — was nearly the scene of an environmental disaster when the original developer destabilised the cliff face to the point of collapse before abandoning the project and part of the Port Alfred Marina development — designed as an exclusive holiday playground — is under liquidation as a result of bad financial planning.

In its first report on CZM, which outlines its principles and objectives, the committee defines the coastal zone as the narrow strip which includes such features as coastal lakes, lagoons, estuaries, dunes, beaches, rocky shores and some offshore islands.



Port Elizabeth's City Lodge overlooking Humewood Beach.

City Lodge hotels stay booked

B/Day 23/8/91 (288) 23/8/91

CITY Lodge hotels in coastal regions are achieving annual occupancy rates that rival — and sometimes better — those achieved on the Reef, says MD Hans Enderle.

Their performance is leaving most other hotel groups standing.

"The national average occupancy rate for the industry is slightly below 50%.

"By contrast, our Cape Town operation is achieving an 85% average. In Durban it ranges between ~~80%~~ and 90% and in PE it is between 80% and 85%.

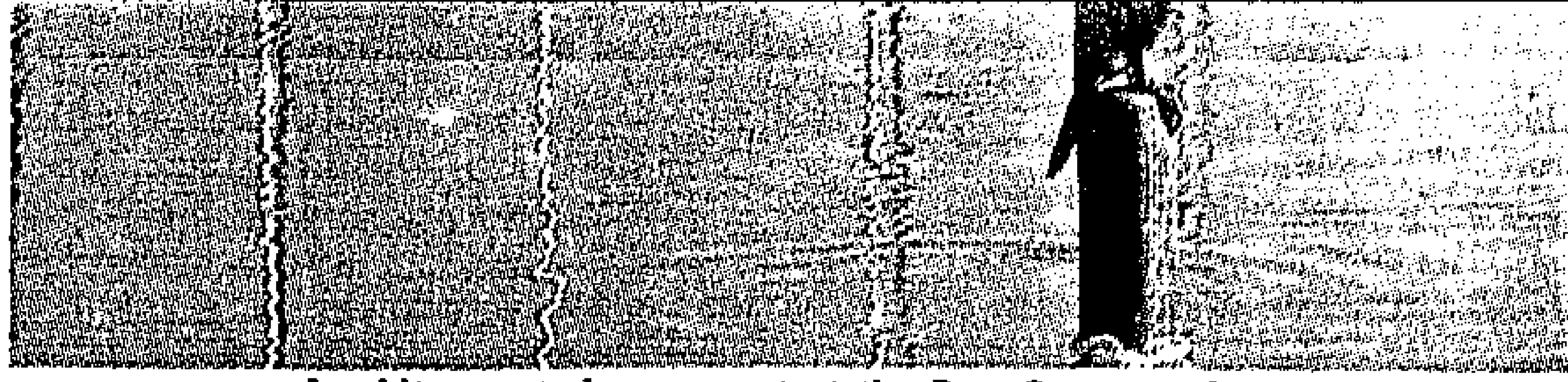
"This is as good as the rates we achieve inland, despite the fact that City Lodge markets itself primarily to businessmen and traditionally coastal hotels do not perform as well as those on the Reef," he says.

This record of success has set the chain on a national expansion drive which will double the size of the chain within five years.

Negotiations are underway for a number of sites and Enderle says they will construct at least two hotels a year from next year, starting in Durban and Cape Town.

The chain's success received a morale-booster recently when its Port Elizabeth operation won the Fedhasa/M-Net national hospitality award for economy hotels.

Its Durban hotel was placed second.



A white-crested cormorant at the Port Owen marina.

Langebaan Village sales are stepping up

288

B Day 23/8/91

LAND sales at Langebaan Village on the Cape west coast have stepped up, reflecting the growing popularity of this area as a holiday mecca.

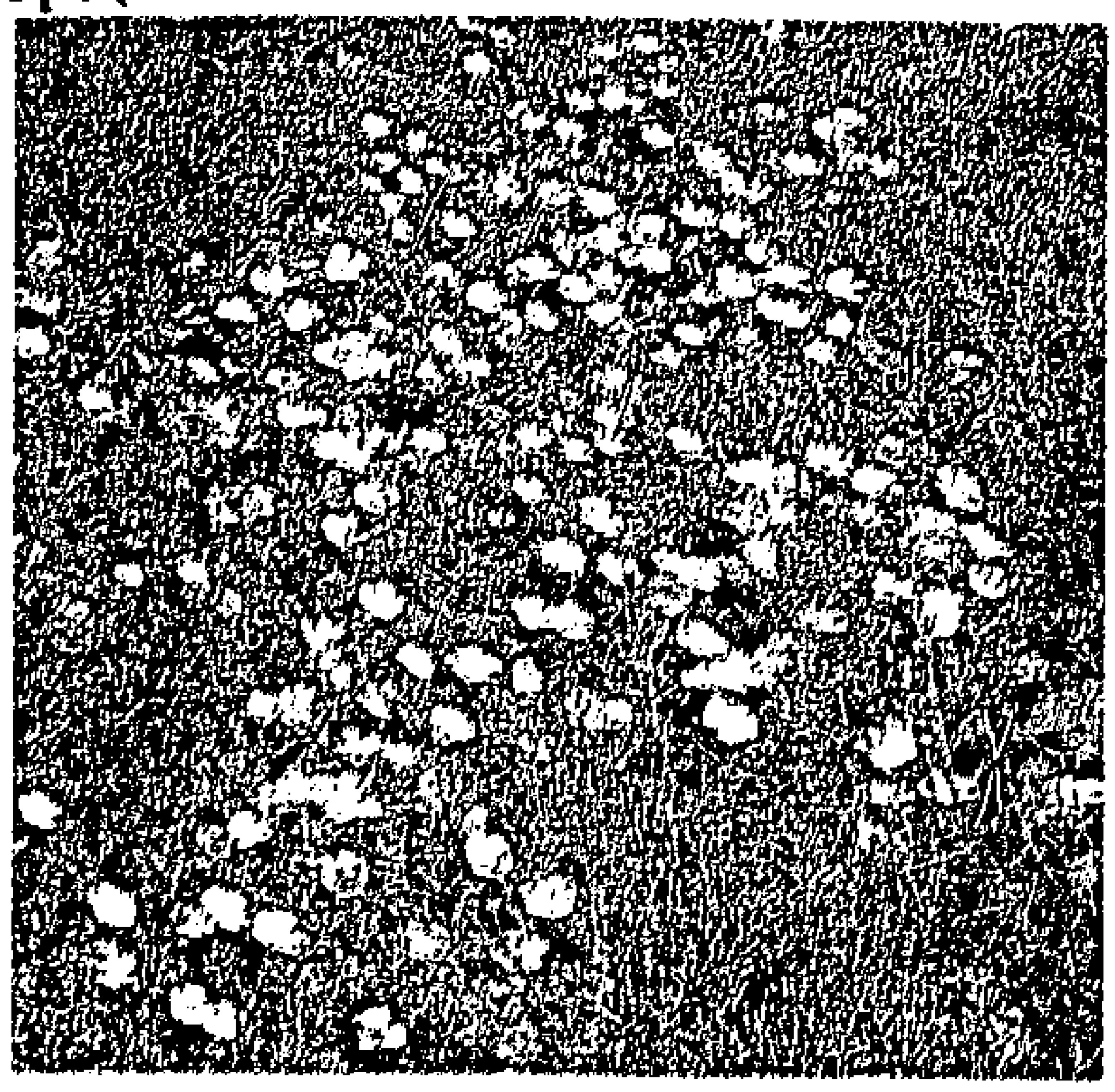
The appeal of Langebaan lies in its location on the coast next to the West Coast National Park as well as the attraction of an international standard golf course.

Developer Owen Wiggins Trust's Transvaal sales manager Dick Gilbee says: "Now that development of the R2m country club has been completed we expect values to appreciate."

Other infrastructural work includes the completion of an upmarket R2,5m timeshare project, a new bowling green and tennis courts.

Completion of these facilities coincides with the launch of phase four, the earlier phases having been virtually sold out.

Buyers to date have seen strong appreciation in the value of their properties and prices currently range between R38 000 and R120 000 for an 800m² stand.



Spring flowers at the roadside

Owen Wiggins Trust advertising manager Gideon Langart says: "The uncrowded ambience of the development is assured by the golf course, which provides a green lung.

"Our commitment to the natural environment was evident from the day we started the development, when we built temporary roads to carry construction vehicles and prevent them from driving all over the veld."

Karos banks on tourist boom to set its tills ringing again

B/Day 26/8/91

MARCIA KLEIN

KAROS Hotels expects to increase its profits by over 20% in financial 1992, chairman Selwin Hurwitz said in the annual report.

But trading was expected to be weak for the first six months, he said. 288

The hotel group recently reported a 52,6% decline in earnings to 14,5c (30,6c) a share for the year to end-March off a 22,6% increase in turnover to R70,8m (R57,8m). Results reflected the closure of 25% of the group's rooms and facilities for refurbishment and expansion, the poor state of the SA tourism and hotel industry and the Gulf war's effects on international tourism.

Karos was confident of a significant increase in tourism over the next few years. Apart from the Polana Hotel in Mozambique, this programme had been completed.

Hurwitz said the closures for refurbishment — which hurt short-term profits — would be justified in terms of their long-term benefits.

He said forward bookings from the international markets for this summer are looking exceedingly encouraging.

Karos was investigating other opportunities in Mozambique and was negotiating to start its development programme in Namibia through its 32% holding in the Namib Etosha Tourism Group.

The disposal of five properties to the Karos Property Investment Fund for R42m meant that the group's extensive capex programme could be completed "without materially affecting group financial ratios".

288 CT 27/8/91

'Cape has it all' for tourism?

'NO, IT'S A DUMP,' SAYS SILBER, AS SEASON LOOMS

By TOSH LEVETT-HARDING

COUNCILLOR Arthur Wienburg, who serves on the Amenities and Health Committee, has contested the allegations by Mr Morrie Silber, chairman of the Green and Sea Point Ratepayers' Association, that not enough is being done to attract tourists to Sea Point and adjacent areas.

Mr Wienburg told the Atlantic Review: "Cape Town has everything to offer if people take the trouble to look for it.

"There is fine jazz to be heard at many restaurants and clubs, a lot of which are in Green Point and Sea Point. There is a magnificent symphony orchestra here and Cape Town is awash with musical entertainment."

He said the sports-minded were well catered for as Cape Town had some of the finest golf courses and bowling greens in South Africa, as well as fine yachting facilities.

"I think we have more sophisticated entertainment than some other resorts. Our winelands route appeals to many and we also have fine scenic drives.

"Nature has provided us with an ideal tourist attraction and one can really have the holiday of a lifetime — if one cares to look for it."

'Lacking life'

But Silber is emphatic that not enough was being done to attract tourists in the coming holiday season.

He said: "At night Cape Town is desolate — it's like cemetery lit up.

"The Sea Point beachfront lacks life and entertainment and some parts look dilapidated, with so much litter around. Overseas the authorities have litterbugs under strict control."

POINTS OF VIEW . . . Not enough is being done for our tourists, says Mr Morrie Silber (left). City councillor Arthur Wienburg believes they are well catered for with plenty to entertain them.

Mr Silber emphasised that not only were the beaches dull by comparison with those of Durban but everything seemed to close down in the city after 6pm and the malls had, so far, provided little to attract.

He said Cape Town seemed to have no *joie de vivre* to offer and it was time somebody woke up to the realisation that visitors wanted far more than being able to stare at Table Mountain and the sea.

Mr Silber said the latest move to have a playpark on Green Point common was a step in the right direction: "But I would like to see it surrounded by lights during the height of the season.

"I would also like us to have a carnival in Sea Point during the season. And let's remember that kids are not too keen on classical music. Also I think we should think more of the family man.

"Golf has become too expensive for many these days, horse riding is for a select few and the winelands route is a one-off event."

The managing director of Captour, Mr John Robért, asked for his views on whether Sea Point was doing enough to attract visitors, replied that he could not promote Sea Point "in isolation" and that it was up to various regions to organise themselves in making their particular area as attractive as possible for visitors.

He said: "We run an information service for tourists to ensure that holidaymakers know what to do in their free time."

Asked if he thought that Durban had more to offer a holidaymaker than Cape Town, Mr Robért replied: "Durban is a fun city — its slogan is based on the notion 'funshine': Durban appeals to the mass market, for instance, with a larger number of restaurants.

"Cape Town, however, has many other attractions. It has culture, it is historical and it offers delightful tours, mountain walks and horse-riding amid beautiful scenery. For the discriminating holidaymaker we have excellent museums and concerts."

Mr Robért concluded: "Captour can bring people to the Peninsula but the various regions must create their own infrastructure and it is up them to make their areas as appealing as possible to visitors."

Leaner Plesure's earnings soar

B Day 28/8/91 (288)

MARCIA KLEIN

FAST food operator and franchiser Pleasure Foods (Plesure) has boosted its earnings to R5,2m (R1,2m) — off a low base — in the year to end-June.

The directors of the Anglovaal subsidiary said the results had been achieved despite reduced consumer spending.

All the company's brands had contributed to the improved performance. Pizza Hut had reversed its losses and Wimpy, Milky Lane and Golden Egg had shown good profit increases.

While Juicy Lucy's results had improved, bottom-line figures had been affected by strike action. Several outlets had been sold to franchisees.

The company more than trebled its earnings ~~to 11,2c~~ (2,6c) a share, and raised its dividend to 4,5c (1,5c), covered 2,5 (1,7) times.

Turnover grew by 4,4% to R92,2m (R88,3m). However, the directors said turnover figures were not strictly comparable because a number of company-owned stores had been sold during the year.

Profits before interest and tax were up by 162% to R6,6m (R2,5m). After reduced borrowings cut the interest bill to R500 000 (R900 000), pre-tax profits were 274% higher at R6,1m (R1,6m).

The company reduced capex to R2,6m (R3,1m), interest-bearing liabilities to R1,3m (R3,4m), and gearing to 3% (7%).

Plesure sold its shareholding in Mr Fruit Juice, and with effect from July 1 sold its entire interest in wholly owned subsidiary Burger Fair.

Star 28/8/91

What a Pleasure!

288

In the year to June, earnings of National Brands subsidiary Pleasure Foods rose to a record R5,2 million.

This was an increase of 335 percent over the year-ago figure of R1,2 million.

The figures are equivalent to earnings of 11,2c (2,6c) and the annual dividend has been raised to 4,5c a share (1,5c), giving cover of 2,5 times (1,7).

The company expects satisfactory growth in earnings in the current financial year, but says this will depend largely on "a positive change in the present economic climate".

Tax rose to R0,7 million (R0,4 million).

Capex was reduced to R2,6 million (R3,1 million), while tighter cash controls reduced interest-bearing liabilities to R1,3 million (R3,4 million). — Sapa.

TDC upgrades 2 hotels to meet demand

By ALI MPHAKI

THE Transkei Development Corporation completing a R3 million refurbishing and facelift for Umtata's Windsor Hotel, which is increasing its accomodation to 64 rooms.

The hotel is now under the management of the Protea Hotels Group and is being renamed the Umtata Protea.

"The expansion will add much-needed extra accommodation in the higher-grade category in Umtata,"said the TDC managing director Marshall Swana.

Coffee Bay

He noted that the corporation is also spending R1,2 million on refurbishing the Ocean View Hotel at Coffee Bay.

"This is a superb tourist venue and is easily accessible by tar road. It is only 84km from Umtata," he said.

The hotel is expected to be ready for the summer tourist season at the end of September.

Swana said the corporation was receiving many inquiries from potential investors interested in hotel development along the Transkei coast. (288)

The TDG is also involved in the financing and development of an inn and shopping complex at Bizana, halfway between the Wild Coast Sun and Umtata.

Tenants for the 25 shops in the complex include Ellerines and Pep Stores.

KERSAF/SAFREN FM 30/8/91

Good numbers (288)

The strong performance from Kersaf has underpinned the buoyant share prices of both Kersaf and its holding company, Safren. A year ago, Safren was trading on a p:e of about seven, and a price of R33, about average for the industrial holding sector.

Now, at a p:e of 15,2, it is on a more demanding rating than any of the major industrial holding companies other than Richemont. While most conglomerates are showing earnings declines, Safren is expected to show earnings up between 12% and 14%, with EPS around 540c for the year to end-June.

Safren CE Buddy Hawton says all three legs of the business — Kersaf, Safmarine and Rennies — have contributed to the results. Safmarine had a surprisingly resilient performance at the interim, when earnings increased by a creditable 12% to R41,6m.

Safmarine earns about twice as much in the second half than in the first. Its income is mostly dollar denominated, and should benefit from the dollar's recent strength. But Hawton says that imports from the European and UK markets remain sluggish. These imports declined by 14% in the first half, and there has been no upturn in volumes so far. The rand, though, has weakened against the dollar since then. The easing of sanctions has not yet had a material effect on the group. Kersaf is likely to remain a slightly smaller contributor to Safren than Safmarine in the full year, but it is rapidly catching up.

Rennies has also suffered from the reduced demand for freight services and foreign travel in the wake of the Gulf War. It was the slowest growing division at the interim and increased earnings by just 7%, but in the present economic climate it is still a useful third leg.

FM 30/8/91 (288)

KERSAF CLIMBS

Year to June 30	1990	1991
Turnover (Rbn)	1,55	1,79
Operating profit (Rm)	437	507
Attributable (Rm)	140	165
Earnings (c)	187	220
Dividend (c)	116	135

Kersaf produced better than expected results, thanks to a particularly strong contribution from its unlisted interests. These contributed 24% of both sales and operating profit, but more than a third of attributable earnings. SunBop, however, remains Kersaf's largest contributor, with 38% of profit.

Kersaf does not reveal much about the performance of its unlisted interests, which increased their attributable earnings by 21% from R47m to R57m. These interests include Kersaf Liquor, Sun International's hotels in neighbouring countries and Venda and the equity interest in Royale Resorts.

But generally hotels furthest from the main SA centres have suffered most. Sun International Swaziland is quoted in that country, and its earnings fell by 12%. In Botswana, the Gaborone Sun suffered from the opening of two rival hotels, the Sheraton and Cresta, and its profit was static. Kersaf Liquor, which has sales of about R170m, had a difficult year, and according to financial director Alan van Biljon, results deteriorated as the year progressed.

Royale remains the enigma. It receives the management fees for Sun International throughout southern Africa, as well as its earnings from offshore operations that include a 25% stake in Mauritius hotels and undisclosed casino operations, probably in Europe. Its other principal asset is cash.

But, even when Royale's cash is excluded, the other interests contributed almost R12m of the group's R31m in net interest received. Capital expenditure for the year increased from R134m to R407m, mainly because of the extensions at Sun City and the Carousel at Babalegi. Nevertheless, interest-bearing debt has been reduced from 17% of shareholders' funds to 12%, though there are no net borrowings.

Sun International as a whole increased casino revenues by 25%, which more than offset the decline in occupancy levels from 73% to 68%. With such a cash cow in place, Safren and Kersaf look like good investments, even if they are pricey in the short term. Safren results are due on September 11.

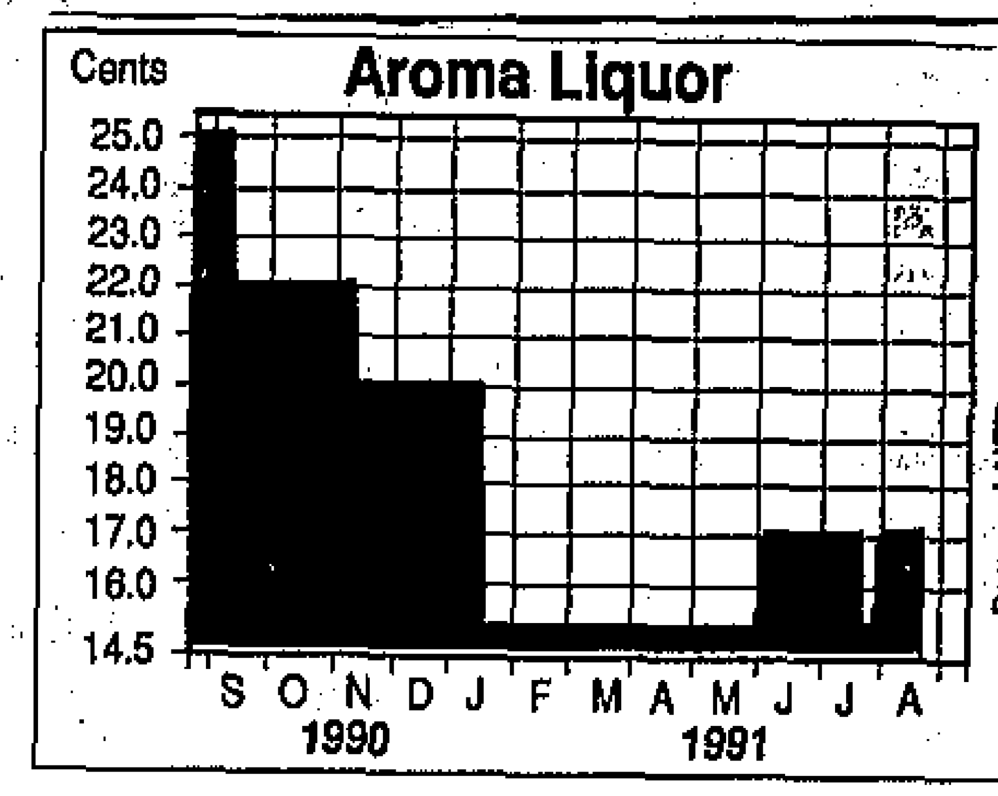
Stephen Cranston

Activities: *Liquor retailing.*
Control: *Directors 77,3%.*
Chairman and MD: *M L Kovensky.*
Capital structure: *16m ords. Market capitalisation: R2,7m.*
Share market: *Price: 17c. Yields: 11,8% on dividend; 21,8% on earnings; p:e ratio, 4,6; cover, 1,9. 12-month high, 25c; low, 15c. Trading volume last quarter, 12 000 shares.*

Year to Feb	'88	'89	'90	'91
ST debt (Rm)	0,5	0,9	2,3	3,1
LT debt (Rm)	0,4	0,1	0,9	0,8
Debt:equity ratio	—	0,23	0,67	0,69
Shareholders' interest	0,65	0,71	0,38	0,42
Int & leasing cover	70,2	28,8	5,6	2,3
Return on cap (%)	13,9	23,4	12,5	10,0
Turnover index	100	183	227	238
Pre-int profit (Rm)	1,0	1,9	1,6	1,4
Earnings (c)	6,8	6,6	6,0	3,7
Dividends (c)	2,25	2,5	2,5	2,0
Net worth (c)	29	27	30	35,5

the economy. The only recourse now is to sit tight, improve efficiencies, eliminate debt where possible and attempt to beat competition. That could at least enable market share to be retained or gained ahead of an upturn.

Kovensky observes just how devastatingly competitive the liquor industry is, that competitors "chase turnover without due regard to the need for reasonable profit margins," and that new sites are difficult to find and generally involve uneconomic rentals. What's new there? In this environment and in this trade, where consumer demand is price elastic, margin gets pared to the bone.



Discount to assets

While EPS collapsed by 38%, pre-interest profit fell by 17,7%, indicating trading profitability was not as bad as the bottom line suggests. The 125% increase in the net interest bill took its toll, highlighting the 37% increase in short-term borrowings which, at first glance, seem to have resulted from the near doubling in accounts receivable. But, judging by the barely changed, negative current ratio of 0,79 and the 20% reduction in stock, working capital is being tightly controlled.

The share, listed in the retail and wholesale sector, trades 2c above its year's low. Immediate earnings prospects do not offer much incentive for a higher price. Because of the company's small size and the low tradeability of the share (the directors control almost 80% of the issued equity), the counter will never be an institutional investment. Nor is it particularly attractive for private investors, considering the risk profile and erratic profits.

Earnings should improve when the upturn arrives. Meanwhile, there may be one good reason for holding the share. The price is almost 50% below tangible NAV, so the operation could be of interest to a predator.

Gerald Hirshon

FM 30/8/91 (288)

SPUR STEAK RANCHES FM 30/8/91

Diversifying (288)

SA is coming into its own in the field of convenience foods, if Spur Steak Ranch (Spur)'s results are anything to go by. Chairman Allen Ambor makes the point that up to the end of the 1991 financial year the company had remained almost recession proof.

Activities: *Franchisor of Spur and Hard Rock Eateries.*
Control: *Spur Holdings 54,5%.*
Chairman: *A Ambor; MD: G Topat.*
Capital structure: *15,8m ords. Market capitalisation: R42m.*
Share market: *Price: 265c. Yields: 6,4% on dividend; 8,3% on earnings; p:e ratio, 12,0; cover, 1,3. 12-month high, 285c; low, 115c. Trading volume last quarter, 170 000 shares.*

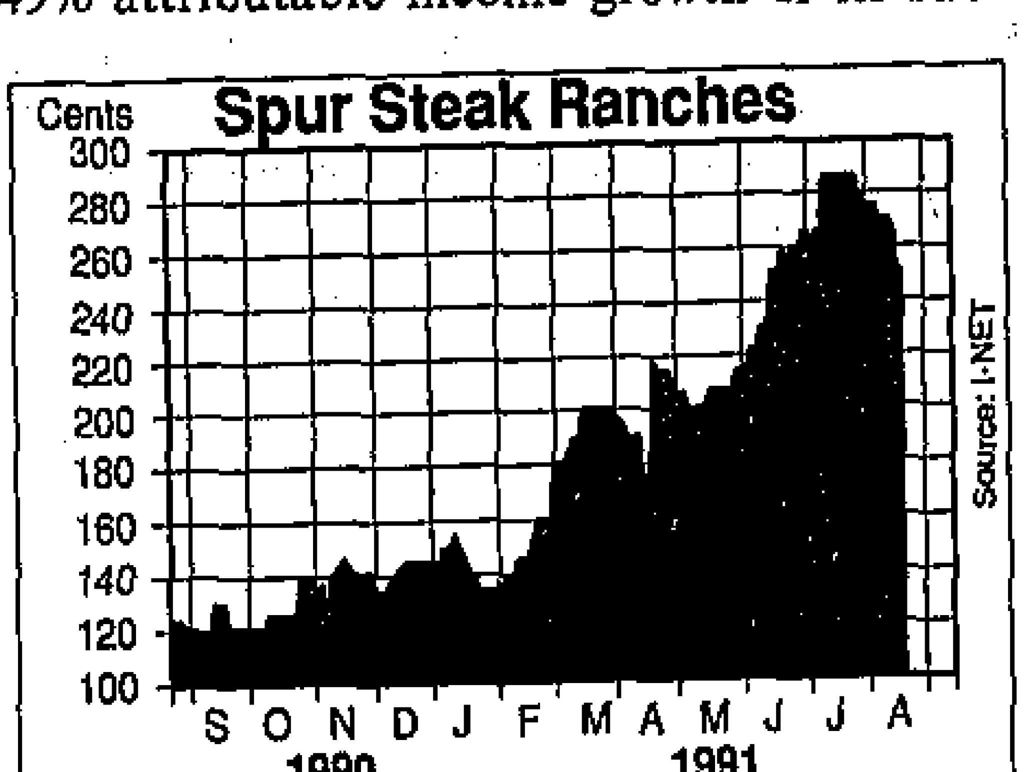
Year to Feb	'88	'89	'90	'91
ST debt (R'000)	10	177	577	216
LT debt (R'000)	87	1 160	721	797
Debt:equity ratio	nil	0,08	0,09	0,09
Shareholders' interest	0,79	0,67	0,63	0,58
Int & leasing cover	n/a	n/a	n/a	n/a
Return on cap (%)	32,5	34,3	46,7	56,8
Turnover (Rm)	5,7	8,8	13,4	17,7
Pre-int profit (Rm)	2,2	3,1	4,6	6,8
Pre-int margin (%)	39	35	34	38
Earnings (c)	9,0	11,0	14,8	22
Dividends (c)	9,0	11,0	12,75	17
Net worth (c)	36	37	39	44

Ranch franchisees expanded turnover during the year by 33%. With an increased margin, this translated into a 49,2% leap in attributable earnings. Nearly all the 17 new franchise outlets (15 Spur, 1 Hard Rock and the first Panarotti's) came on stream right at the end of the year, and thus had a minimal effect on turnover and profit, says finance director Philip Joffe. Consequently, the gains came from organic growth.

Panarotti's is an experiment into the franchising of pizza-pasta outlets. Ambor says it is trading well. However, the existing four franchised pilot stores of the previous franchise experiment, Ranch Style Chicken & Burger, were sold to non-franchised operators. All write-offs and costs associated with the disposal were absorbed last year.

It shows there is merit in Ambor's strategy of restricting diversification to established areas of expertise; in this case, "sit down/fast food restaurants." However, the fundamental need to test the market for new consumer taste trends makes experimentation necessary. Plans are that Panarotti's will open three to five outlets this year. In addition, 12 new franchised Spur Ranches and two Hard Rock Cafés will open in major city centres.

Spur Holdings, which directly owns a number of food outlets, increased its investment in Spur to 54% (45%), so the consolidated accounts include Spur as a subsidiary for the first time. Group after-tax income grew by almost 42%, not quite matching the 49% attributable income growth of its sub-



little intrinsic asset backing to underpin the price should things go wrong. *Michael Coulson*

AROMA FM 30/8/91

Weak brew

(288)

Profitability has been declining for two consecutive years in this largely liquor-based group, a trend that reflects economic conditions.

Chairman Mike Kovensky, as he has been doing for the past 18 months, laments the

Friday Sep 6: Blocktech (S & Ord) (Roodepoort); City Hold; Powernet (S & Ord) (Roodepoort); Pubhold; Publico.

All meetings are in Johannesburg unless otherwise stated.

S = Special meeting.

▲ = Reduction in capital.

■ = Special dividend.

FM 30/8/91 (288)

nonrecovery of investment in the Brackenfell hotel extensions. Unfortunately, the decision to build them coincided with the downturn in

continued

FM 30/8/91 (288)

sidiary, possibly because Spur Holdings' other subsidiaries are not generating the same high returns that the franchise operations produce through the payment of franchise fees. The other subsidiaries, nevertheless, produced 22,4% of Spur Holdings' after-tax earnings — a meaningful contribution.

Ambor, it seems, is justified in expecting a "dramatic surge in fast food consumption which will occur as the expected increase in living standards, brought about by the improved political and economic climate of the new SA, filters down." The group appears to be well positioned to take advantage of this.

Even in the present environment, trading has been good, Joffe says, and prospects of real growth for financial 1992 are on course. With 17 new stores due to make their full contribution in the year, it is not surprising. The share, on a p:e of 12, still offers reasonable value. *Gerald Hirshon*

Spur on the expansion trail

LINDA ENSOR (288)

CAPE TOWN — Spur Steak Ranches will continue with its expansion programme despite the recession, chairman Allen Ambor said at the AGM yesterday.

Another 12 Spur outlets, one Hard Rock Cafe and about three restaurants in the new pizza/pasta Panarotti chain were planned. Last year 17 new franchised outlets were opened. BDay 30/8/91.

Ambor said the decline in consumer spending had not affected the "recession-proof" restaurants in the group — which cater for the middle income bracket — as they had benefited from the trend to dine downmarket.

Spur's earnings a share increased by 48,85% to 22c (14,78c) in the year to end-February and Ambor believed this year's results would match this performance.

Ambor said it had been decided that the company would not proceed with franchising chicken takeaway outlets as this was already a mature segment of the fast food market. It had been decided to stick with the sit-down restaurants. All four chicken outlets had been sold.

Bloemfontein

Building a strategy to net more from tourist industry

288

BDay 30/8/91

WHEN planning a holiday, Bloemfontein will probably not be the first destination to spring to mind — but the City of Roses is worth more than a passing glance.

City council public relations officer Flip le Roux says: "We are very aware of the importance of tourism and have developed a strategy to ensure we capture our share of the tourist rand."

Success in this area will have a dramatic impact on the city.

Mayor Henry Lerm says every tourist creates about 10 jobs — an important consideration for a city ringed with townships with high unemployment.

"People undervalue what Bloemfontein has to offer.

"It's a good place to break a journey between the Cape and the Transvaal and we are developing a strategy with Kimberley, about two hours drive away, which aims to attract at least some attention from overseas visitors."

This strategy is not new.

A tourism programme with Kimberley was attempted some time ago, but failed when the Gulf War haltedthe flow of international tourists.

HENRY LERM

But Le Roux says visitors can be encouraged to move beyond the beaten track.

Being planned is an SAA package deal for flights and bus transport linking Johannesburg with Kimberley, Bloemfontein and Welkom.

Le Roux says changing tourism trends also promise to benefit Bloemfontein in the long run.

"Transvalers are becoming more inclined to take their holidays in Cape Town rather than Natal — and to get there they have to travel through the Free State.

"At the same time, because of the economic squeeze, many Transvalers can no longer afford seaside holidays.

"Instead, they are going to inland holiday resorts — such as the Hendrik Verwoerd Dam," he says.

At the same time, the city is looking to grab a share of the conference market.

"We're centrally located — ideal for conferences attracting delegates from all over SA.

"Our theatre complex is among the most modern in the world with conference facilities and we have a number of hotels, ranging from the economical lodge type to luxury accommodation," Le Roux says.

The Sand du Plessis Theatre Complex, located a few minutes walk from the heart of the CBD, can host conferences from 10 to 1 000 people.

Several of Bloemfontein's hotels also offer conference facilities.

Those in search of glamour in a more rural setting can hop over the Bophuthatswana border to the Thaba 'Nchu Sun Hotel, some 85km from Bloemfontein, where the Lucas Mangope Conference Centre can seat up to 360 people.

Accommodation closer to the city is available in three Southern Sun hotels, a City Lodge and numerous smaller hotels.

The Thaba 'Nchu Sun abuts the Maria Moroka Game Reserve, which is one of a number of reserves in and around Bloemfontein.

A rare feature of the city is the 180ha Naval Hill game reserve not far from the CBD.

Other attractions include one of the largest orchid houses in the southern hemisphere, nine museums and a number of parks and resorts.

It is also the only city in SA in which an entire street has been declared a national conservation area.

President Brand Street holds the City Hall, the Appeal Court, the Supreme Court, the old Presidency Museum and the Fourth Raadsaal.

Taverners act to beat the violence

288

Sowetan 30/8/91

By JOSHUA RABOROKO

Vaal Triangle liquor dealers are concerned about the spate of violence that has marred their businesses in the past few months and have called on the community to help them.

More than 19 people killed and many wounded when people armed with AK-47 rifles ran beserk at taverns in the Vaal Triagle townships in recent months.

The violence has caused concern among the business people.

A popular Sebokeng tavern owner and businessman, Mr Frans Matigoa, is the latest victim of brutal attack. He was shot and killed while closing one of his businesses in Zone 14, Sebokeng.

A spokesman for the liquor traders, Mr Attwell Makuoa, said that at a meeting they had discussed various ways and means that could be taken to protect the patrons.

Strict security

He said it was important that strict security be maintained on the premises to ensure that revellers were safe, although it was difficult to monitor the intentions of anybody coming into their businesses.

He did not want to detail strategies they would use, but did not rule out the possibility of traders applying for guns.

He said another meeting would be held to decide on sympathy action to be taken in order to assist the families of those killed and possibly to help those who have been wounded.

He condemned in the strongest terms the spate of robberies, assaults and other forms of violence that has gripped the townships, adding, "we are living in fear of our lives".

Every liquor dealer is invited to the meeting, he said. "We need your contribution."

Smooth Swiss skills for homeland hotel school

Malcolm Fothergill

CONSTRUCTION has begun on a R17-million hotel and tourism school that will offer an internationally recognised diploma from the Belvoirpark Hotel School in Zurich, regarded as one of the best in the world.

The school, taking shape on a site south of the Mmbatho Sun Hotel in Bophuthatswana, has been designed to the specifications of the lecturers in Zurich.

It will be open to students from throughout southern Africa. The minimum requirement will be a matric certificate or outstanding service in the hospitality industry. Star 31/8/91

Gil Maleka, chief executive of the Bophuthatswana Tourism Council, says no hotel school now operating in southern Africa comes close to the standards of Belvoirpark. The first 48 students will start their three-year course next April.

Jurg P Vontobel, director of the Belvoirpark school, says the emphasis at Mmabatho will be on the practical side of managing hotels rather than on theory.

A small hotel attached to the school will offer 12 double bedrooms of five-star standard and will be run by students. Tests will be run under supervision from Belvoirpark. Five Belvoirpark graduates will do the teaching.

● For information, write to Mr Maleka at Box 4488, Mmabatho, 8681.

LOOKING AHEAD: Belvoirpark director Jurg P Vontobel (left) discusses plans for the school with architect Dieter Maresch and the Bophuthatswana Tourism Council's Gil Maleka.

Black catering project to be set up

By Jabulani Sikhakhane 288

In a bid to promote black business, catering group Fedics has joined forces with the Foundation for African Business and Consumer Services (Fabcos) to develop the catering industry in black areas.

A company called Fabfoods has been formed in which Fabcos has 60 percent and Fedics a 40 percent shareholding.

Fabfoods' objective is to develop the black catering industry by identifying entrepreneurs and informal sector operations that could benefit from training and development.

Helmut Schneider, Fedics' business development managing director, says there is a growing trend in black communities to eating out, which has resulted in increased demand for improved catering services.

"Fabfoods will help meet the demand, either by providing training in correct handling and presentation of food or supplying good quality, semi-prepared meals, which need only the finishing touches before they are served," he says.

Fabfoods will establish fast-food outlets at service stations managed by members of Fabcos as part of the first phase of the project.

The first outlet will open in October in Daveyton, Benoni. Fabcos, via its affiliate, the SA Black Taxi Association (Sabta), runs a number of service stations.

PROPERTY

Strand timeshare selling well

BDay 4/9/91. 288

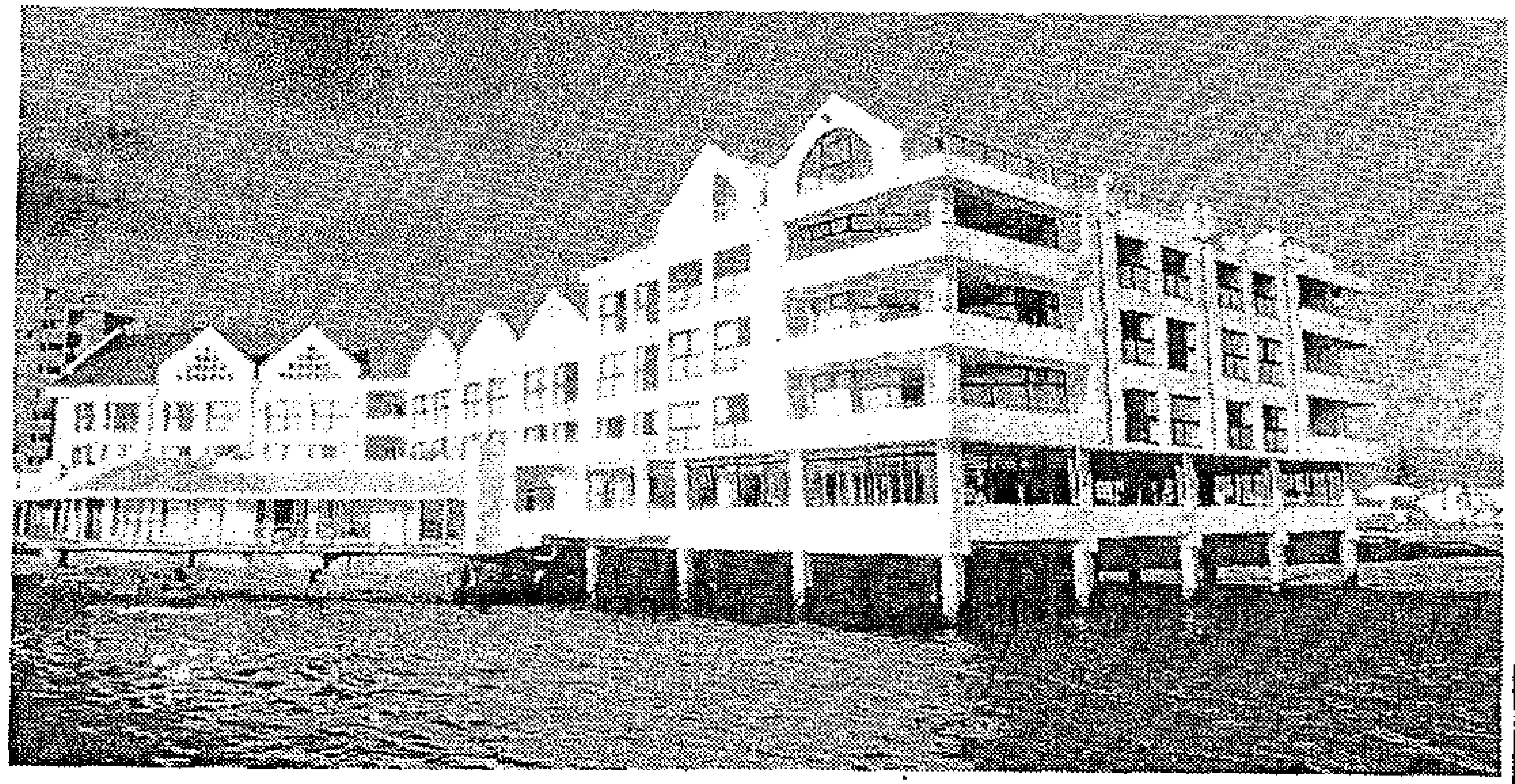
Reports by
PETER GALLI

A LARGE number of the timeshare units at the new R30m Strand Pavilion resort have been sold, with the entire development expected to be sold out by April 1992, says Ovland Timesharing marketing director Richard Noyce.

The resort offers both timeshare and hotel units and is built 30m into False Bay, so that all the rooms offer sea views. The timeshare side is being marketed by Ovland Timesharing and the hotel part is being managed by Places.

Prices range from about R6 000 for a one bedroomed suite out of season to about R65 000 for a three-bedroomed penthouse in peak time, with levies varying from R365 a week to R745 a week.

The resort also offers a conference centre which, although geared for about 30 delegates, can accommodate up to 50 at a time. The centre is also managed by Places.



Most of the timeshare units at the Cape's multimillion-rand Strand Pavilion resort have been sold.

The resort has proved very popular, selling about R1m worth of timeshare a month, with sales of more than R18m to date. People who buy in the out-of-season flexi-period between the end of April and the end of November will be able, subject to availability, to swop their week for any other in that period.

Located in Somerset in the western Cape, Strand Pavilion is about 50km from Cape Town and offers 58 residential suites ranging in size from 35m² for a single unit to 114m² for a three-bedroomed penthouse.

The ground level has a 2 200m² shopping mall with boutiques and speciality stores.

The resort is the brainchild of Strand developer Dave Venter and took some time to get through municipal, local authority and state negotiations before building could start.

Permission has been given by the local council for the building of an Olympic-size, indoor heated pool next to the resort for residents and the local community.

Battle over

More local buyers invest in wine and fruit farms

MORE and more local buyers have been investing in wine and fruit farms in the Cape over the past two years, says Pam Golding Properties Boland division manager and company director Glynn Bricknell.

In an interview in Cape Town, she added this was a reversal of the situation previously where foreign buyers were buying many farms.

While many of the farms had "gone to rack and ruin" offshore investors had bought and upgraded them.

The political situation was partly responsible for the reversal of this trend, with more local buyers in the market now than foreign ones, she said.

Pam Golding Properties agricultural agent Lieben van der Merwe said some of the larger corporations were buying wine farms because of their status appeal and long-term potential, but the real investment lay in fruit farms, which offered an excellent yield.

People considering investing in wine farms were often more interested in the location and homestead than in the operation's profitability.

The grape price was often insufficient to give the farmer a good profit. BDay 4/9/91

In contrast, prospective fruit farmers considered how much money could be made per hectare. Van der Merwe added there was a move back to bigger farms as the smaller farm was becoming less and less viable.

While demand outstrips supply for established, profitable and well run farms, there are a number of wine farms available in the Franschhoek area. One, Dieu Donne, with a KWV quota of 245 tons, is for sale at R4,3m.

This includes a four-bedroomed homestead, a two-bedroomed cottage, a three-bedroomed manager's house, labourers' accommodation and a bottling and packing store. Another farm, Mörelig, is on the market at R1,55m.

R31m in Mossgas housing

CHARLOTTE MATHEWS

TIME Housing is completing R31m worth of contracts for a permanent housing development for Mossgas. B/Day 4/9/91

About 7% was saved on the project's construction budget for 342 homes, Time Housing Mossel Bay GM David Smithie said. Accommodation built ranged from bachelor flats to luxury beach-front townhouses.

Smithie said Time Housing was responsible for the design, construction, maintenance, letting, sale, financing and general administration of the project. 288

Mossgas employees were offered special terms, and whatever was not taken up would be sold to the public.

Holiday firm said to owe R30-m

Pretoria Correspondent 288

Star 4/9/91

A company owned by Karmel Trust, the sequestrated developer of Sudwala timeshare resort near Nelspruit, has been placed under provisional liquidation because it is unable to pay more than R30 million in debts.

Karmel Vakansies went into provisional liquidation after Mr Justice Roos yesterday granted an application brought in the Pretoria Supreme Court by four applicants.

Court papers said both Karmel Vakansies and the trust were under the management of Frank Pennington and Gail Pennington, who bought the interests of the trust in 1989.

The shares of Karmel Vakansies were bought by Cape Share CC, also owned by Mr and Mrs Pennington. Cape Share has since also been liquidated.

The court heard that the police are investigating the books of Karmel Vakansies.

The matter continues on October 15.

The lowveld shows what it's made of

Star 5/9/91

By Clyde Johnson
Lowveld Bureau

(288)

NELSPRUIT — The Lowveld's first tourist exhibition and festival, promoting towns and resorts throughout the region, starts at Nelspruit today.

Staged in anticipation of the Lowveld tourist boom the three-day festival is planned to become an annual event.

The exhibition, which has the support of Satour, the regional services council, the Nelspruit town council and Liberty Life properties, will be attended by a group of South American tour operators.

The 27 exhibitors participating include Spoornet, the TPA and game lodges and hotels.

A brand new venture — the breeding of catfish as a consumable product — promises to be a crowd puller.

Airline and car hire companies will promote the proximity of a "Lowveld experience" and game viewing from hot air balloons will be demonstrated.

SOWETAN BUSINESS

Merger means a better deal for entrepreneurs

Sowetan 5/9/91 (288)

By JOSHUA RABOROKO

MAJOR catering group Fedics and the Black Association of Travel Agents of South Africa have joined forces to promote black business.

The organisations have formed a company, Fabfoods, in which Fedics has a 40 percent share and Batasa 60 percent.

The new company will develop the catering industry in black areas countrywide, by identifying entrepreneurs and informal sector operation that could benefit from training and development in the food service field.

In the first phase of the project, Fabfoods will establish fast-food outlets at service stations managed by Batasa's mother body, Fabcos members.

The first of these will open in October in Daveyton Extension 6.

The appointed owner will receive guidance and training from Fabcos and from Fedics' regional staff.

The project will be supervised by Fabfoods chairman Mr Mandla Msomi and Fedics business development managing director Mr Helmut Schneider.

In time, Fabfoods could extend its service to other areas, which could include taverns, stokvels and hawkers, says Schneider.

"There is a growing trend in black communities towards eating out and this has resulted in a demand for improved catering services," he says.

"Fabfoods will help to meet the demand, either by providing training in correct handling and presentation of food or by supplying good quality, semi-prepared meals which need only the finishing touches before they are served.

"This will be backed by training in general business and management skills."

In the long term, Fabfoods plans to take advantage of the black entrepreneurial spirit to develop viable businesses in other areas.

Says Msomi: "Fabcos' objective is to train and develop black business people, encouraging them to participate in the mainstream of the South African economy.

"This joint venture means we can further our aim in one of the fastest growing industries in the country."

He appealed to other corporate leaders to join hands with the future black entrepreneurs.

Schneider added: "The project will enable Fedics to expand its business and earn reasonable returns on its investments, but the main objective is to establish more black entrepreneurs, as this will benefit not only the catering industry but South Africa."

Prominent business personality and man-about-town Mr Letepe Michael Maisela has been appointed development consultant for the Nampak Group.

Ms Marcia Lebethe has been appointed to the important black advancement function by the Marketing Connection, the personal consultancy which specialises in marketing and sales people.

Mr Dennis Mokotedi has been appointed lecturer in applied mechanics at the School of Mechanical Engineering, University of the Witwatersrand.

KAROS HOTELS FM 6/9/91

Liquidity squeeze 288

Activities: *Operates 12 hotels in SA and the Polana in Maputo.*
Control: *Directors 40%.*
Chairman and joint MD: *S Hurwitz; joint MD: S V Hoffmann.*
Capital structure: *28,1m ords. Market capitalisation: R31m.*
Share market: *Price: 110c. Yields: 5,5% on dividend; 13,2% on earnings; p:e ratio, 7,6; cover, 2,4. 12-month high, 205c; low, 110c. Trading volume last quarter, 453 000 shares.*

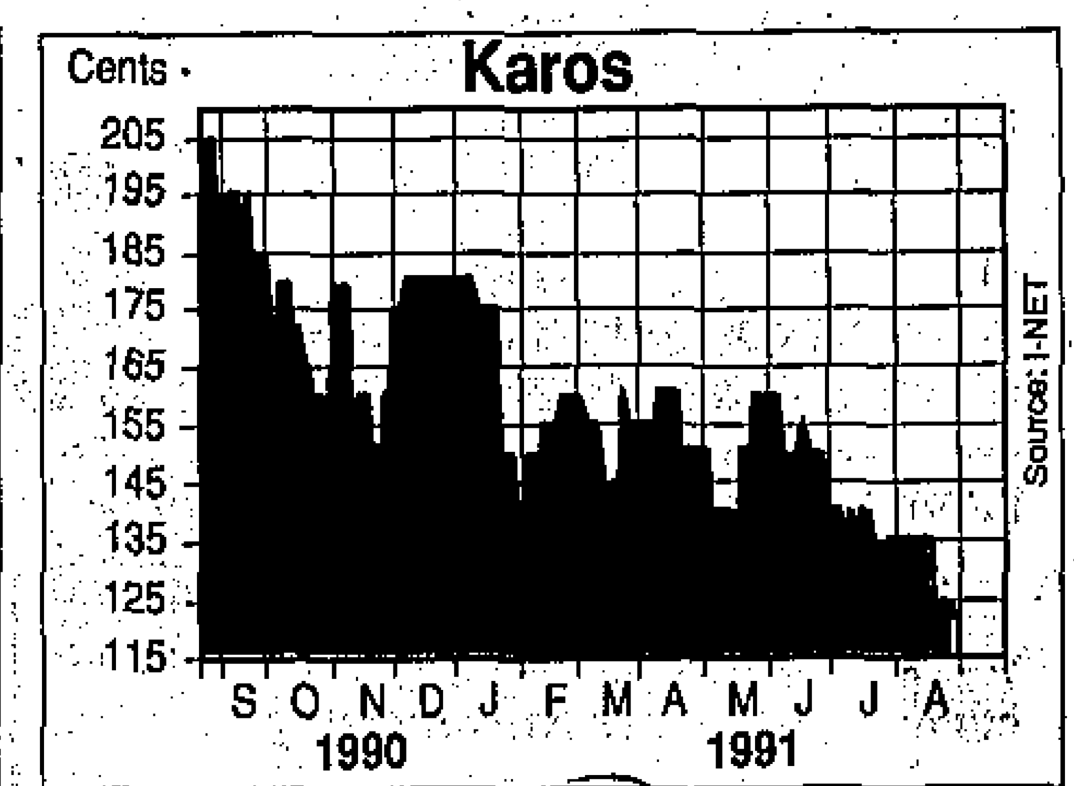
Year to Mar	†'88	*'89	'90	'91
ST debt (Rm)	n/a	n/a	7,7	9,4
LT debt (Rm)	n/a	n/a	34,6	38,9
Debt:equity ratio	n/a	n/a	0,65	0,69
Shareholders' interest	n/a	n/a	0,56	0,54
Int & leasing cover	n/a	n/a	5,0	1,9
Return on cap (%)	n/a	n/a	6,5	6,1
Turnover (Rm)	32,6	47,3	57,8	70,8
Pre-int profit (Rm)	4,1	8,6	10,8	11,0
Pre-int margin (%)	12,4	18,2	18,6	15,6
Earnings (c)	—	—	30,7	14,5
Dividends (c)	—	—	12	6
Net worth (c)	—	199	331	350

* 13-month period.
† Year to Feb. 1988-1989 figures pro forma prelisting.

Any company that spends R91m on expansion in two years is likely to feel a liquidity strain and fast-expanding Karos is no exception. It raised R41,1m net by the sale of five property-owning subsidiaries to Karos Property Investment Fund (which entailed a capital loss of R5,2m, as the properties were transferred at 75% of valuation), but that's not enough. Borrowings rose despite these sales and it is now embarking on a rights issue of compulsorily convertible prefs to raise another R14,7m gross (R14,4m net).

Prefs will be offered at 150c, 35-for-100 and will be converted one-for-one on the last Friday in August of the financial year after that in which the ordinary dividend reaches

FM 6/9/91



288

18c (that is, equals the pref share dividend). As 9,8m prefs are to be issued, this will lift issued equity by about a third.

Directors say the offer will have no material effect on earnings and dividends this year, but investment of the proceeds should benefit earnings thereafter.

It is hoped in due course to sell more properties to Karos Property Investment Fund and convert it into a listed property unit trust. The property fund, which was financed by a R42m loan from First National, is owned by a trust, but Karos remains sole beneficiary.

Last year's results suffered from 25% of rooms and other facilities being closed for renovation at one time or another, plus "substantial" cancellations from foreign tourists after the Gulf War. Trading profit was marginally up despite these problems, but net profit was slashed by higher finance charges.

The annual report says that the refurbishment programme is largely complete, apart from the Polana, which has been structured so as to involve no encumbrances on SA assets. The Polana should be completed early next year. Funds raised by the rights issue will be used mainly on R17m expansions at Karos Indaba in Sandton and Karos Mont-Aux-Sources Hotel in the Drakensberg. The expansions have been designed so as not to harm existing activities during construction.

Chairman Selwin Hurwitz says forward bookings from September 1991 onwards are "significantly" up on last year. First-half trading will be weak, but he is confident that a second-half rally will see profits for the full year up at least 20%.

A share price less than a third of a net asset value that consists largely of fixed property shows a high degree of market scepticism, as does the fact that the share is at a 12-month low while most of the industrial market has been blazing away and has weakened further since the rights issue was announced.

It's also worth noting that the reported profit is after capitalising interest of R4,5m (1990: R2,0m) — mainly, says joint MD Stanley Hoffmann, on the Arthur's Seat, in Cape Town. As developments become revenue-producing this accounting cushion will fall away, which increases the improvement in trading income needed to generate the target 20% net profit growth.

Long-term, the share should have considerable recovery potential; but it could take a while to get under way. *Michael Coulson*

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TROUBLED WATERS ... Rabbi Ady Assabi and restaurateur Werner Vogele discuss the boycott of his restaurant Picture: GARTH LUMLEY

Restaurant is boycotted by Jews after slur rumour

(288) S Times 8/9/91

By LINDA SHAW

JEWS are boycotting a top restaurant after being told its German-speaking owner had said he "hates Jews".

A rabbi stepped in to mediate between Jews and Mr Werner Vogele, owner of the prestigious Johannesburg restaurant, Steffanies, in Hyde Park, after vandals all but destroyed the kitchen.

Mr Vogele vehemently denies the allegations.

"I'd have to be a complete idiot to say something like that. About 60 percent of my clientele is Jewish.

"I've been operating in this centre for nine years. Suddenly my regulars — people I know really well — have stopped coming, all because of some sick rumour with absolutely no foundation.

"And what's more, I'm not even German. I'm Swiss. We're a neutral country."

Vandals

The boycott began a month ago after word spread in the Jewish community that Mr Vogele was overheard saying, "I hate the Jews, but I like their money."

Since then, the restaurant has been vandalised, with food thrown on the floor and a fridge destroyed.

Mr Vogele said: "I don't think the rumour was started by Jews at all. I think it was some jealous businessman who wants to destroy my business. I'm having sleepless nights about this.

"No one will come forward and accuse me directly. No one is giving me the chance to defend myself. Instead I'm forced to deal with crank calls and vicious slander."

Controversial Rabbi Ady Assabi, of Temple Emmanu-Shalom in Rosebank, has entered the fray as mediator. "I've spoken to my congregation about this, and I want it stopped. It's Jewish New Year, a time of forgiveness and introspection.

Rumours

"As yet, there is no evidence at all. What is happening falls into the category of malicious rumour and goes against the very grain of Jewish ethical and moral behaviour.

"There is an old Jewish saying that life and death is in the tongue. What you put into and take out of the mouth can kill. Anyone with an axe to grind must confront the issue directly.

"Jews who are supposed to be 'a light to the nations' must adhere to the standards of exemplary behaviour in all human relations."

Judged

Mr Brian Reso, a Jewish businessman friend of Mr Vogele, said: "This makes me embarrassed to be a Jew. Jews know what it's like to be judged and convicted without a trial. They should know better."

Hyde Park Centre managing director Peter Behrman has received calls demanding that "the German" be evicted from the centre.

"I'm in a difficult position," he said. "The reputation of the whole centre is at stake."

share in Metcash and one ordinary share in Score Supermarkets. Metcash members can subscribe for 85 units for every 100 Metcash held on October 11 at 250c a unit.

195,9c higher at 285,3c a share and its net asset value 2,9c higher also at 285,3c. Its earnings would have been 8,2c lower at 17,8c a share.

Metcash will be headed by Carlos Dos Santos.

Protea-Mabula link

S Times (Buss) 8/9/91

RESERVE Management, new owner of Mabula Game Lodge, has renewed its long-standing relationship with Protea Hotels and a major refurbishing and upgrading programme has begun.

Catering facilities at the hippo pool and an overhaul of the game drive vehicles will be undertaken. (288)

Protea Hotels has been involved with Mabula since 1984 and is pleased to renew ties, says William Ford, manager for the Transvaal.

WEEK IN

A SUMMARY of the week's corporate announcements.

MONDAY: Colfin and Colvest transfer to electronics sector of JSE, members warned of restructure.

Minorities approve Metal Closures scheme of arrangement, it was delisted on 30/8. The last day to register (ldr) for Bankorp dividend 20/9. Compass to raise R40,5-million through the issue of two debentures for every 100 ordinaries, and 23 debentures for every 100 debentures held, at 400c. The projected yield is 13,6%, ldr 6/9.

Rusplat general meeting on 20/9 to consider special resolution to permit payment of dividends from unrealised profits. CMI's 10% prefs may be converted from 1/11, holders to notify by 15/10. Bidvest members approve name change to The Bidvest Group.

TUESDAY: Cullinan members approve disposal of African Cables for R75,8-million.

WEDNESDAY: Reunert members approve purchase of African Cables. Standby offer of 40c a share to Penrose minority opens 9/9, closes 27/9.

Sun International denies allegations by the ANC

B Day 9/9/91

DAVE LOURENS

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SUN International has rejected ANC allegations that the visit of the Georgian State Dance Company is in violation of an agreement on overseas artists reached between Sun International, the ANC and the SA Musicians' Alliance (Sama).

ANC department of arts and culture spokesman Oupa Ramachela said his organisation had not been consulted on the dance company's visit, as stipulated in the agreement. The department therefore dissociated itself from the event at the Sun City Superbowl next month as it was a violation of the cultural boycott.

Sun International entertainment director Hazel Feldman, responding from the US, said her company had submitted a written proposal and had received written approval for the visit.

She insisted that Sun International had gone through the proper channels.

A company statement said: "Sun International has subsequently been in constant communication and consultation with various structures regarding the visit. Sun International was never advised that there was a problem relating to the act."

Concert promoters are reluctant to speak out against the department's stance, as it is the sole body recognised by the UN as having authority to approve visits by overseas stars, who are blacklisted otherwise.

Entertainment industry sources say where approval has been granted, the department has attached conditions, including an insistence on donations to organisations of its choice and that the artists hold teaching workshops.

Township power to be cut again

B/Day 11/9/91.

THEO RAWANA

KRUGERSDORP would cut power to neighbouring Munsieville today because the township had failed to pay its account, Munsieville administrator J L Nieuwoudt said yesterday.

Nieuwoudt said residents had paid only R41 000 on an account of R127 000 built up from July 4, when power was restored after a five-month switch-off.

Electricity was reconnected after the West Rand RSC paid in R30 000 on the strength of assurances by the local civic association that consumers would pay an interim monthly flat rate of R30.

A Munsieville council source said only 50% of the township's 1 006 households had paid and the civic association had failed to attend a meeting of the joint Munsieville Forum to discuss the issue of payments.

Nieuwoudt said in a statement the flat rate was to be adjusted upwards if it proved to be too low.

"Large amounts are also owing to Krugersdorp for water, health and sewage services . . ." he said.

Row over game lodge name

11/9/91 B/Day 11/9/91

DARIUS SANAI

A LEADER of a tribe forcibly removed from its land in the western Transvaal claims that a new luxury game lodge is using the tribe's name without permission.

Arthur Monnakgotla, a leader of the Bakubung tribe which was relocated to Ledig in Bophuthatswana in 1966, said yesterday the new 250-bed Bakubung Lodge in the Pilanesberg National Park was profiting from using the tribe's name without having consulted leaders beforehand.

But Bophuthatswana Parks Board director Roger Collinson said yesterday the developers of the lodge, who also own the Kwa Maritane game lodge, had received the approval of the chief of the Bakubung and had worked in close co-operation with the tribe in developing the lodge.

Monnakgotla said yesterday that Stocks and Stocks and the Bophuthatswana Parks Board, which jointly developed Bakubung, had been irresponsible in using the name without consulting the whole tribe.

He said the lodge, 10km from Sun City, had been developed above the heads of the local community, with the approval of Bophuthatswana's President Lucas Mangope, and that as a tribal community leader he had refused to sign an agreement consenting to its construction.

However, Bakubung operations director Gert Brumme said yesterday that the conflict arose partly from a disagreement within the tribe about who its leaders were.

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Collinson said the lodge was built with the full support of the Bakubung's Chief Monnakgotla, who appeared to be in conflict with his cousin of the same name.

Stocks and Stocks spokesman Bart Dorrestein claimed at last weekend's launch that the local community was an integral part of the new development and said the jobs created.

local economy would be stimulated by the jobs created.

Just where does the shebeen fit in?

Star 11/9/91

(288)

Throughout history the line between stokvels and shebeens has always been a blurred one.

Andrew Lukhele says in the 1920s and 1930s most women in the towns and cities stayed at home to look after their children and cook and clean for their families. But they soon discovered a need to supplement their husbands' income.

It was only natural that most of them turned to the traditional role of women — brewing corn or sorghum beer. Out of this emerged the first shebeens, which then were organised along party lines.

The women organised these parties in such a way that they took turns to receive money from the group. These parties were called Marabi — which was the popular form of music then.

Mr Lukhele says a special attraction at these Marabi parties was the different brews prepared by the women. The party would run from Friday to Sunday.

Due to increased police harassment, women began to use stokvels as a mean of protection. In 1926, 7 816 women were convicted of being in possession of "kaffir beer" at the time when the black adult female population on the Witwatersrand was only 26 000.

When a stokvel member got arrested, other members would look after his/her home and children until the arrested member was released. In some instances the stokvel members would organise bail money.

Even today, Mr Lukhele says, stokvel party hosts have saved a number of licenced taverns from going under by hiring their venues out for a stokvel party in return for a fee.

Mr Lukhele writes in his book "Stokvels in South Africa" that week nights are often too quiet for shebeeners' tastes.

On one of the quiet nights the shebeener will organise a stokvel party. Shebeeners themselves are also members of stokvels and they have used the stokvels as a source of informal finance as they do not have access to formal financial institutions.

Another important role for stokvels has been their support for the unlicenced wholesale liquor distributors, popularly known as "gwevas". Runners buy liquor from the retail outlets in town and then sell to the sheebeners and stokvel parties.

As most of the stokvel parties start on Friday and on Sunday, the runner is best suited for supplying the host with liquor. At regular intervals during the night the runner will call on the party host.

By Montshiwa Moroke

Shebeeners live in fear after killings

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Star 11/9/91

Crime is threatening the livelihood of shebeeners in Soweto and at least two leading shebeens have closed down since the upsurge in the spate of armed robberies in the township.

A spokesman for the National Taveners' Association (NTA) said an emergency meeting of regional representatives would be held next week to evaluate the level of crime in the township.

Social life in the sprawling township is also being threatened. Owners of some of the most frequented of the shebeens say that their patrons are staying away.

The main reason why the lives of many township folk have changed is because of attacks on shebeens in recent weeks in which at least three people have died and several others have been shot and wounded.

Even the state of emergency could not keep the people away from their favourite haunts.

Now they are simply scared.

But in spite of it all, this important part of township life refuses to die, and one of the most popular of the ladies in the shebeen trade, Mamotho, of Orlando, said it was business as usual. She said she would continue to keep her customers happy.

"For me life is as normal as ever.

"There has been no real difference and the people are coming and staying on as late as before.

"The fact is that we must survive. How else are we expected to make our livelihood?" Mrs Mamotho said.

Smokey, the owner of a shebeen in Diepmeadow, which is frequented by teachers and other professional people, said she decided to close down a week ago following the attack at Tilly's in White City Jabavu.

"After what we have been through in the past, it would be asking for too much from the gods," she said.

Sipho's Tavern, scene of the shooting of six people, one of whom died, has been closed since six gunmen raided the place on August 25.

Watches and jewellery were ripped off terrified patrons.

"We are closed, because it is no longer safe. We will wait and see," the owner, Sipho said.

Five days after that attack, a four-man gang, acting in the same fashion and believed to be the same men, terrorised and robbed patrons of jewellery and money at Tilly's.

One man died and a woman was wounded.

Khaitsedi, of Orlando, another owner of a popular spot, said her business had suffered in the past two weeks and she believed some of her customers were opting to go to the city for entertainment.

The NTA spokesman added: "We are very disturbed by these systematic attacks.

"It is becoming extremely difficult for shebeens to operate until late hours.

"We are unable to run our businesses because of the crime."

Fabcos moves to banking, catering

By IAN SMITH

FABCOS, a non-profit organisation which has matured quickly into an umbrella body for 15 black business groups, has entered two more fast-growing sectors.

It has done a deal with Fedics, South Africa's largest catering services group, to develop food outlets in black areas and it has gone into a venture with Wesbank to launch Future Bank in November.

Fabcos, which claims to have 1,3-million members, will hold 60% of Fabfoods and Fedics the rest. 288

Fabfoods will develop the catering business by identifying entrepreneurs and informal operations which could benefit from training and support.

Reserve Bank registration for Future Bank was granted this week. It will be a deposit-taking and lending institution, says Fabcos public affairs director Mike Ntlatleng. Details of Future Bank's funding and its operations will be released in November, he says.

Fabcos has a 10% stake in Unibank, established last year from the restructuring of the Eastern Cape's BK Savings Bank. Major Fabcos affiliate Sabta has an R84-million trust fund held by Wesbank. S/Times

Hawkers

BUSS

Fabfoods will capitalise on the heavy patronage of fast-food outlets by blacks and the trend for them to eat out.

Initially, the company will open fast-food outlets at service stations managed by Fabcos members.

The first will open in October in Daveyton Extension 6, near Johannesburg. The owner will be trained and guided by Fabcos and Fedics regional staff. 1/9/91.

The project will be supervised by Fabfoods chairman Mandla Msomi and Fedics business development manager Helmut Schneider.

The company will extend its operations to other sectors, which could include taverns, stokvels and hawkers' sites.

"There is big demand for better catering services among black communities," says Mr Schneider.

"Fabfoods will help meet the demand by giving training in food handling and presentation and by supplying semi-prepared meals which need only the finishing touches before being served."

NESS

Kersaf, Safmarine boost for Safren

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By Jabulani Sikhakhane

Star 12/9/91

A strong performance by Kersaf and Safmarine helped Safren lift earnings by 16,2 percent to 565,5c in the 12 months to June.

Dividends are up 13,1 percent to 237,5c.

Safmarine and Kersaf were the major contributors, accounting for 86,4 percent of the group's attributable earnings of R302,4 million.

The directors say Safmarine, whose major activity is the containerised liner trade, experienced reduced cargo volumes and increased vessel and fuel costs.

However, this was offset by a weakening rand against the dollar in the latter part of the year.

Safmarine's contribution to group attributable earnings increased 21,9 percent to R137,1 million, equal to 45 percent of Safren's earnings.

Kersaf and its subsidiaries performed well and its contribution to Safren earnings rose 17,8 percent to R125,3 million, or 41,4 percent of the total.

Rennies' bulk terminals also did well, but reduced volumes impacted on the results of the forwarding, transport and cargo divisions.

Despite the Gulf war setbacks in the second half of the year, the travel division did well.

Income from associates was boosted by the inclusion of the group's share of profits on sale of assets.

Safren's turnover rose 9,2 percent to R4,37 billion, but the biggest growth was in profit from operations, which rose 16,5 percent to R921,5 million (R790,7 million).

A major factor here would have been Kersaf, which operates on very high margins.

After dividend income of R73,2 million, finance lease charges of R2,2 million and a sharply increased depreciation charge of R243 (R150,7 million), operating profit increased 8,5 percent to R749,5 million.

The directors say: "Additional depreciation was provided on certain assets to write down the net book values to the amounts that can be recovered by charges against operations and ultimate scrap value".

Interest payments rose 10 percent to R87,5 million, but this was offset largely by interest received of R90,4 million, leaving net interest received of R2,9 million.

The group also benefited on the tax front thanks to reduced corporate tax and its effects on deferred tax balances and capital expenditure allowances.

Tax payments fell R34,3 million to R196,3 million.

A tax equalisation policy has been adopted to bring the current effective tax rate into line with the expected medium average rate.

Boosted by the lower tax rate, taxed profits rose 19,6 percent to R556,1 million.

After accounting for outside shareholders in subsidiaries and preference dividends, attributable earnings were up 16,7 percent to R302,4 million.

Despite a heavy capital expenditure of R911 million (R379,1 million), Safren closed the year with cash balances of R654,8 million — down R55,9 million on the previous year.

Long-term borrowings were up R33,3 million to R821,8 million and interest cover was marginally down at 9,6 times (9,8).

The share price closed unchanged at R85 yesterday after the recent strong run.

On these results, Safren shares yield 2,8 percent on dividends and trade on a P/E ratio of 15.

Cap

Captour chief draws fire for hotel criticism

288 CT 12/9/91

By CHRIS BATEMAN

COMMENTS by Captour Board chairman Mr Louis Kreiner that the South African hotel industry needed to examine its "often unfriendly and off-hand manner" yesterday drew fierce criticism from the industry's chief executive.

Mr Peter Hearfield, Fedhasa's Executive Director, said he took "exception" to Mr Kreiner's "whinging tone" adding that most customer complaints were "very often personal and very subjective".

"In his position he should be saying more positive things about what Captour are going to do to ensure an awareness of a good customer/staff relationship — we can all stand on the sidelines and moan," he added.

Mr Kreiner made his comments while reacting to the government's proposed slashing of legislation at present inhibiting the expansion of the South African tourism market.

The Captour chairman said the majority of tourist complaints he received had shown that the industry's image "left a lot to be desired".

Most complaints involved the "off-hand manner in which people are treated — this needs urgent addressing".

He added, however, that there were a "few exceptions, some hotels and restaurants are very good".

Mr Kreiner said he would like South Africa to be projected as THE most friendly hotel destination in the world.

Mr Hearfield described Mr Kreiner's criticisms as "utter nonsense with no basis on authority".

It would be more constructive to "admit to a weakness and outline what Captour are doing to combat this and begin a positive campaign".

"You have to raise the level of service by acknowledgement and reward to build confidence," he added.

Mr Kreiner welcomed Tourism Minister Mr Org Marais's proposed removal of "red tape" legislation.

He said local hotel accommodation and service compared poorly with that in other Western countries.

South Africans needed to "get our act together" and the government's proposed comprehensive central tourism data bank was a "very positive" step towards this.

Foreigners needed to be convinced that "there's always a safe part of the country to tour in — in spite of major but localised township violence".

South Africa had a unique diversity of wildlife, culture and scenery and the deregulation of air fares should encourage tourism enormously, Mr Kreiner added.

Entertainment's no fun under VAT

(288)

W/mail 13/9/91 – 19/9/91

Value Added Tax on a cinema ticket is not too complicated but what do you do when you entertain business guests on a company credit card? **DAVID CLEGG** looks at the logistics of VAT on entertainment

VALUE Added Tax on entertainment expenditure is one of the most awkward provisions of the new tax system.

A VAT input credit is denied on "goods or services supplied for the purposes of entertainment". The definition of entertainment includes food (whether in the form of unprepared food or meals), refreshments, accommodation, entertainment and hospitality of all kinds. The only exceptions to the rule are:

- The entertainment applies to an employee (of that company) away from home on business overnight.
- The charge for entertainment forms part of a composite fee for some other service, such as meals on South African Airways or at a seminar.
- The entertainment is supplied by Local Authorities at public amenities and by other enterprises which regularly supply entertainment.

There are a range of difficulties in the area of entertainment, especially those relating to normal business entertainment.

Firstly, it does not matter how genuine the business entertainment may be — there is no VAT credit.

Secondly, not only direct entertainment costs, but also indirect costs may be disqualified from credit.

For example, not only does the sugar, tea and milk for "morning tea" not qualify for credit, neither does the cost of cups, saucers, spoons or teapots.

Accounting systems, therefore, need to be able to highlight these non-qualifying categories so that they are not accidentally included in tax credit claims in returns.

In identifying direct entertainment expenditure on which VAT credits can be claimed, the following points need to be borne in mind:

- Where an employee is away overnight, he may well entertain out of town clients or associates. Although the entertainment costs relating to him are creditable, those relating to his dinner or lunch guest will not be. Correctly apportioning a tax invoice relating to these costs will be impossible, unless a clear record is kept. The tax invoice provided by a restaurant or hotel cannot be expected to split this out and the employee must make an appropriate division at the time, before submitting the documents to his accounting department. Many restaurants will not regularly issue tax invoices, and out-of-town employees should remember always to ask for such an invoice to be posted to them within the 21 days provided, on paying the normal bill. It is unlikely many restaurants will prepare an invoice immediately.
- When an organisation hosts a meeting of personnel from around the country and puts on a lunch, theatre evening or other entertainment, it must remember that only the expenses relating to the visiting employees are creditable, not those for the local employees also attending the same functions.
- An "employee away from home overnight" is one's own employee. The credit will not apply to employees from other group companies who may be attending the meeting or conference.

Say, for example, the group management company sends someone to assist your company in a project for two weeks and you pay the hotel bill and other entertainment expenses. No credit can be claimed. So it makes sense for head office to pay its own accommodation and entertainment expenses, claim credit and charge a management fee relating to the overall services which will, in turn, be subject to VAT and a tax credit in your hands. Significant sums can be saved in this way.

Accommodation forms part of "entertainment" expenses. Just as in the preceding example, paying the hotel and other expenses of a visiting consultant may make good business sense, but is not VAT effective.

- The accommodation and entertainment expenses incurred by partners of a professional practice away from home overnight are not, under existing law, subject to credit because they are not "employees". Although a partnership is deemed to be an enterprise entity separate from its members, this does not extend to deeming an employment relationship to exist. It is possible the law may be amended.

● **David Clegg is a partner of Ernst & Young**

Where you'll be paying Vat

W/mail 13/9/91 – 19/9/91

Food	Maize meal and brown bread are zero-rated**.
Transport	Public transport by bus, taxi or train is exempt*.
Medical	Payments to state and provincial hospitals and clinics are exempt. Payment to medical practitioners and for medical services provided by the private sector subject to VAT. Medical aid schemes exempt from VAT.
Education	Registered educational institutions are exempt*, including private schools.
Insurance	Life insurance is exempt*, but short term insurance is taxed.
Property	There is no tax when the transaction is between two individuals. However, tax is payable when a registered vendor is involved. Transitional relief will be granted.
Accommodation	Residential rentals are exempt* but not hotel or boarding house rentals.
Entertainment	Entrance fees to theatres, cinemas, zoos, circuses, sports grounds are taxable.
Professional	The fees charged by accountants and lawyers are taxed provided annual income exceeds R150 000.
Construction	A service by an enterprise regisered for VAT is taxable. But these registered vendors may claim tax credits, therefore reducing costs if savings are passed on to the consumer.
Welfare Services	Non-exempt, that is they can claim back tax paid on goods and services they buy. If they charge even a nominal amount for their services this is subject to VAT.
Legal Gambling	Horse racing betting is taxable.
Rates	Water, electricity and refuse collection is taxable.
Postal Services	Telephone accounts and postage will be taxed.
Precious Coins	Coins obtained as collector's items are taxable but Krugerrands and other legal tender are zero-rated**.
Second-hand goods	Not taxable if sold by private individual. Taxable if sold by a dealer.
Imports	Imports from the "independent" homelands, Transkei, Bophuthatswana, Venda and Ciskei, are not taxable if the import is to be used to make a taxable supply. It is taxable if it is to be used to make non-taxable supplies, for example, exempt goods. Imports from other countries are taxable. A service by a non-resident to a South African resident is taxable if the imported service is used to make non-taxable supplies. For example, the service of a foreign reinsurer to a local life insurer is taxable but a similar service rendered to a short-term insurer, service is not taxable.
Exports	Zero-rated** to countries other than TBVC states.
Subscription fees	Membership fees of clubs or associations are taxable.
Fringe benefits	Non-taxable services, for example low interest loans, are subject to VAT, but provision of taxable services, such as foreign travel, is not taxed. Although employer bears the cost, it may passed on to the employee.
Death	Coffins, wreaths, undertakers, and burial sites are taxable.
Unions	Union dues and employee organisation contributions such as federations are now exempt*.
Mortgage bonds	Not subject to VAT.

*** EXEMPT:**	Consumer pays no VAT but enterprise selling exempt goods can't claim tax credits on goods and services it buys
**** ZERO-RATED:**	Consumer pays no tax and enterprise selling exempt goods can claim tax credits on goods and services it buys

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14/9/91

Fundays the way to win back our tourism

The government has made exciting turns in efforts to boost tourist, including the intended opening of Sundays to full-scale entertainment and granting easier access to liquor licences. HELEN GRANGE reports...

SUNDAYS in South Africa have long been subjected to sombre Calvinistic tradition, a tradition which has frustrated many a dollar-rich tourist accustomed to seven-day spending overseas.

However, for this country's tourist industry, every Sunday represents wasted income on attractions which would go a long way to boosting tourism and contributing to a better economy.

In the government's latest efforts to push tourism into one of South Africa's major earning industries, it has been recommended that Sundays in the entertainment sector become as busy as any other day — with movies, live shows, open selling of liquor and opening shops for trade.

Tourism Minister Dr Org Marais is behind initiatives at present being settled for a White Paper to go before parliament for approval.

He is determined to get rid of the "irritating obstacles" that block improved tourist trade — and his ideas have been met with resounding relief in all sectors of the industry.

Laws governing the liquor trade should be reviewed entirely, says Dr Marais.

"It is almost impossible under current legislation to get a liquor licence, but at the same time, it cannot be withdrawn easily.

"The law, as it stands, takes into consideration the profitability of the business applying for a licence, but this should not be the liquor law's concern."

The "irritating" rule currently attached to a liquor licence — that social establishments may sell liquor only with food on Sundays or public holidays — should also go, adds Dr Marais.

Apart from putting more entertainment into Sundays, there are a number of other proposals going into the White Paper which envisage a much less restricted tourist industry in the hands of unprotected free-market forces — where operators failing to offer a competitive service fall by the wayside.

To this end, the repeal of legislation demanding a host of conditions to be met by prospective tour operators has been proposed.

This involves the repeal of the Tour Guides Act, the Travel Agents and Travel Agencies Act and the Hotels Act to allow for easier registration and freer competition.

☐ **CHEERS!** Dr Org Marais.

This would open the door for fly-by-night operators, industry sources concede, but it is well known that such operators do not last long in a free-market system where word quickly spreads on quality of service.

In the case of travel agents going insolvent when clients are half-way across the world — as happened during the World Soccer Cup finals in Italy last year — a statutory Fidelity Fund administered by the Tourism Ministry to cover disasters has been proposed.

In addition, before the end of 1992, the Competition Board probably will review all regulations relating to caravan parks, guest houses and home-based bed-and-breakfast accommodation to remove impediments hampering the development of these establishments.

While these bold strategies in the intended new Tourism Act may be the key to a breakthrough in the industry, it is expected that some communities will object to certain changes, especially relating to Sundays and public holidays.

For this reason, local authorities are to be given the choice in how far they wish to exploit the new rules.

Mr Spencer Thomas, chief executive of Satour, expects there will be a greater risk for private businesses with the onset of a deregulated tourist industry, "but that's the choice that faces the private sector".

"The removal of these obstacles will increase tourist marketing inside and outside the country and will provide an important stimulant to the industry as a whole," he says.

Executive director of the Association of Travel Agents (Asata) Mr Chris du Toit expects that, under the proposed revisions, travel agents will have easier access to a trade licence through, say, the municipality rather than having to comply with the stringent Asata requirements.

The Federated Hotel, Liquor and Catering Association of South Africa (Fedhasa) has been campaigning for a long time for seven-day trading and is looking forward to a more open-minded tourist sector coming into being.

Fedhasa executive director Peter Hearfield says: "It's part of the quality of life. To us, it's a win-win situation — where the tourist and the public benefit and so do the traders.

"Sunday, for instance is just as costly for the tourist as any other day. Also, deregulation will help to generate development, boost employment and keep people in business."

South Africa's tourist industry has been in a slump over the past year, suffering from the continued township violence as well as a hangover from the Gulf War (when the world's tourist trade generally went down).

However, it is expected to pick up substantially during the summer holiday period and over the next year.

Some sources in the industry have predicted a major boom as a result of political reforms and the re-opening up of international air routes to and from South Africa.

Big-spending Safren puts faith in new SA

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SI Times (Bus) 15/9/91

By DAVID CARTE

MORE remarkable than Safren's 16% earnings rise in the year to June is the group's ambitious capital spending plan.

Judging by its huge new investments, Safren is the company with the most faith in the new SA.

In relative terms, it is the boldest capital spender listed on the JSE.

Others are Sasol and Engen, which are to spend billions in the next few years. Most companies have drawn in their horns and agonise about the new SA.

Lost

But Safren's planned capex at R1,5-billion in the next two years amounts to nearly 50% of total capital employed (R3,2-billion).

Sasol's planned capex of R2-billion was 25% of assets of R8,3-billion and Engen's R1,5-billion would be 42% of its assets after the rights issue.

● In Kersaf, Sun International is spending R700-million on the Lost City at Sun City, R320-million on the Carousel, which opens in November, and another R75-million on expanding the Wild Coast Sun. Because of favourable tax rules in the homelands, the payback on hotel-casino developments is extraordinarily quick.

But inflation makes geniuses out of hotel owners, ensuring stunning returns four to five years after investments are made — provided, of course, the units are used at close to capacity.

● With Interleisure spending on lavish cinema complexes, Kersaf is looking at laying out more than R1,2-billion in the next three years.

● Safmarine has two large ships under construction in Eastern Europe. With partner Iscor in the new Safore, it is building a 150 000-ton bulk coal and ore carrier in Romania for delivery in March or April.

At Pula, near the war zone in Yugoslavia, the 38 000-ton container liner, Oranje, is nearing completion.

The ships are worth about $50-million and $60-million respectively — a total of R320-million.

Safmarine has long provided additional depreciation, for which it receives no tax credit. Ships are written down to reflect what they can earn. The depreciation burden hits earnings in years one to three, but does ensure cash

ALISTAIR MACMILLAN: Long-term growth is the aim

flow when loans and interest payments are at their highest. Ships start to become lucrative once depreciation and interest payments tail off.

Leased

The policy is necessitated by Safmarine's one of getting rid of ageing ships. The average age of its ships is 9,5 years.

Three weeks ago Safmarine announced it had bought 49% of Belgian container company CMB Transport.

Safmarine paid $25-million for its share in the company, which has 24 ships and assets of $530-million.

Safmarine has 35 ships, of which 30 are on the balance sheet. Only about five are registered in SA.

● The 38%-held associate Trek Airways has launched Flitestar with four Airbus aircraft worth $50-million apiece. The aircraft are leased, but represent assets worth R560-million.

● Safair, the freight airline, recently bought a $20-million BAe 146 jet cargo aircraft.

I asked Safren chairman Alistair Macmillan and chief executive Buddy Hawton from where the group's bold capex plans emanated.

"In the companies. That's where opportunities reveal themselves," they replied virtually as one man.

Mr Macmillan says: "Sol Kerzner and Ken Rosevear have great confidence in the future of tourism in the new SA. They came up with the basic idea of Lost City and the Carousel.

"Together with financial director Alan van Biljon and the rest of the team, they undertook market and general feasibility studies and looked at the impact on other resorts and on group debt and cash flow before coming to the SunBop board.

"The shareholders in SunBop — Sun International and the Bophuthatswana National Development Corporation — checked their study before giving approval.

"Obviously, the buck with all these huge projects stops at Safren, so both Buddy and I have been intimately involved all the way."

Mr Hawton says contingencies were built into all projections, so even though the economy is more depressed than at the time of planning, his confidence in the expansions is undiminished.

Vindicate

Mr Macmillan says as chairman he demands of the big capital spenders that they prove to him projects are economic.

The emphasis, he says, is on long-term growth. He believes that long-term prospects in tourism, the declining rand and more airlines flying to SA will vindicate the spending drive in Kersaf fairly quickly. International music and sports stars could also give SunBop a lift.

"Some acts, such as those that draw 80 000 to Wembley Stadium, have become too expensive for SA. But other big names more appropriate to a venue the size of the

BUDDY HAWTON: Greenfields ventures need time

Superbowl will be affordable."

Mr Hawton says that had SunBop delayed building by two or three years to see how the new SA developed, its costs would have risen by 50%.

Because Trek and therefore Flitestar are only associates, the risk inherent in a company competing with SA Airways is small for Safren.

Mr Hawton says Safren has R655-million of cash in its balance sheet, so expansion should not lift debt excessively.

Mr Hawton says some of the greenfields investments will take time to pay off. Although payback in Kersaf is normally quick and Safmarine's two new ships will not slow the rest of the company significantly, airlines are seldom gold mines.

But he believes that Flitestar will ultimately earn a reasonable return on investment. Aircraft normally appreciate, so long-term tax-efficient growth seems assured.

One of the group's prime secrets, say the top two, is to buy, lease and sell assets well.

Outstripped

Mr Macmillan and Mr Hawton say management throughout the group is decentralised. Nothing would be gained by scrapping head office and distributing shares in Kersaf, Safmarine and Rennies.

Safren lifted turnover by 9% to R4,4-billion, pre-tax profit 8,5% to R749,5-million and, thanks to lower tax, attributable profit 19,6% to R302,4-million in the year to June.

Earnings a share were 16% better at 565,5c (486,7c). Without additional depreciation, earnings growth would have been a scintillating 26%. A final dividend of 177,5c made 237,5c for the year. The result puts the PE at 15 and the dividend yield at 2,8%.

Safmarine is the biggest earnings source, contributing R137,1-million compared with Kersaf's R125,3-million. Safmarine's 22% earnings growth in spite of additional depreciation outstripped Kersaf's 18%.

Safren's market capitalisation is R4,5-billion and the value of the 76% Kersaf stake is R2,3-billion. The rest of the group is thus valued at R2,2-billion, or 12 times the earnings it contributed. That compares with Kersaf's PE of 18,6.

Now that the group is more fairly valued, a rights issue looks an attractive possibility even though cash on hand is large.

Grant Andrews trims slump sails

S/Times (Bus) (288)

15/9/91.

By IAN SMITH

LISTED office furniture group Grant Andrews Holdings is likely to trim some of its peripheral operations as it rides out the worst of a recession that has hit the industry hard.

Chairman Grant Andrews says: "We have gone through a torrid time, but we have taken the medicine and refocused on our core business, Grant Andrews Office Furniture (GAOF)."

An encouraging sign for the current year from September 1 is the company's R10-million outstanding order book.

"In the past four months GAOF has written business worth R15-million," says Mr Andrews.

The market does not expect much good news in results due shortly from Grant Andrews and more highly rated market leader Mathieson & Ashley. The price of both counters is lagging well below the year's highs.

Warning

M&A passed its interim dividend in the half-year to last December after a 65% fall in attributable earnings. Grant Andrews Holdings reported a R240 000 loss in the six months to February 28.

A warning last week from Grant Andrews Holdings, saying it was considering the restructure of the group and that negotiations might affect the price of the shares, has increased market speculation about its future.

Mr Andrews will not comment on the past year's results, but says the group is concentrating on its real business and expansion will be geographic.

No details about the negotiations have been announced.

GRANT ANDREWS: Taken the medicine and gone back to core business

Management changes have given more authority down the line.

Last March some divisions were closed, including different retail outlets which were not contributing at expected levels.

One factory has stopped manufacturing for companies outside the group.

"There were some retrenchments, but we absorbed staff members wherever we could," says Mr Andrews.

The result of the changes leaves the group well placed to take advantage of any improvement in the market, says Mr Andrews.

The first aim is to reduce gearing. Interest-bearing debt increased from R3,5-million at the end of August last year to R5,8-million at mid-year.

Interest payments nearly trebled in the last half-year from R200 000 to R600 000.

Mr Andrews says: "As a result of the restructuring, gearing is expected to return to more reasonable levels."

Some of the group's new operations were "soaking up money and management energy" and not producing the required returns.

"Sometimes a recession can be good for a company. It makes management take a new look at strengths and weaknesses."

Many of the new orders on the books have come from traditional customers among blue-chip companies. Grant Andrews is making the furniture for a big central Johannesburg head office project and it has a large part of the order for executive furniture for Bank City.

Opportunist

"We are strong in the corporate market and sell to most of the institutions," says Mr Andrews. "Mergers and rationalisation could cut that market. But increased awareness of the value of a strong corporate identity could compensate for that."

He believes the economy has emerged from the bottom of the trough.

"I am an entrepreneur and continually look for signs of an opportunity. I think I am beginning to see them. More calls are coming in and multinationals and foreign airlines are scouting in the market."

Some companies have waited for Vat before placing orders.

Mr Andrews believes the group has increased market share, but the recession has been rough for smaller players in the industry. Some independent operators have gone under.

The lower end of the retail market has been turned upside down by the entry of M&A's Officemart chain.

Entertaining exceptions to the rules under VAT

288

B Day 16/9/91

GILLIAN HAYNE

ONE of the most awkward provisions of VAT legislation is the treatment of entertainment, which is not claimable as an input tax credit.

Entertainment's definition for VAT purposes includes refreshments, accommodation, entertainment and hospitality.

But, says Ernst & Young tax partner David Clegg, there are exceptions to this exception.

VAT paid on entertainment by an employee who is away from home overnight on business can be claimed by his company as an input tax credit. Similarly VAT paid on entertainment which forms part of a composite fee for some other service, such as meals at a seminar, or entertainment supplied by local authorities at public amenities, is refundable, says Clegg.

In most cases no input tax credit will be granted. Clegg says indirect entertainment costs may also be disqualified from credit.

For example, tea does not qualify for a credit, nor does the cost of cups, saucers, spoons, teapots and the like.

This makes it necessary for accounting systems to be able to highlight these non-qualifying categories so they are not accidentally included in tax credit claims in returns.

Employees away overnight may well entertain out-of-town clients or associates. Although entertainment costs relating to employees are creditable, those relating to their guests will not be, Clegg says.

Since the restaurant or hotel cannot be expected to split the tax invoice requested, it will be necessary for the employee to split it before submitting it to his accounting department.

It must also be remembered that the "employee away from home overnight" definition relates only to one's own employee.

If one company pays the entertainment bills for the employee of another company within the group, no credit will be claimable.

It may make business sense for a company to pay the bills for a head-office visitor, but it is not VAT effective, Clegg says.

Accommodation and entertainment expenses incurred by the partners of a professional practice away from home overnight are not, under existing law, subject to credit as they are not "employees".

"Although a partnership is deemed to be an enterprise entity separate from its members, this does not extend to deeming an employment relationship exists," he says.

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To page 9

Protection of SAA 'harming tourism'

THE government's continued protection of SAA was detrimental to Cape Town's tourist trade, the Mayor of Cape Town, Mr Frank van der Velde, said last night.

Speaking at D F Malan Airport on his return as part of a delegation that yesterday met cabinet ministers in Pretoria to seek the deregulation of international landing rights, he said the meeting had left him "a little frustrated".

The delegation comprised Mr Van der Velde, Captour board member Mr Hylton Ross, Chamber of Commerce board member Mr Albert Schuitmaker and a similar group from Durban.

They met the Minister of Transport, Dr Piet Welgemoed, and Minister of Private Enterprise, Dr Dawie de Villiers. 288 CT 18/9/91

CHECKERS FOR SALE?

CHECKERS is expected to be sold before the end of the month, according to sources. And the former high-profile managing director of the food-store chain, Mr Clive Weil, could be one of the buyers. **Full report — Page 12**

Carlton 'set to boom'

CARLTON Hotel's new GM Stephen Ford says business is picking up, and he expects it to improve further as the international business and leisure travel market starts to take off. B/Day 18/9/91

"An improvement is already being felt with, for example, Japanese tourists visiting Johannesburg for the first time. However, it is not just tourism we're trying to capture," he adds. (288)

He says more than 100 countries do not have diplomatic representation in SA, and the Carlton aims to be the place where their representatives choose to stay when they come here to assess the situation.

Ford predicts an improvement in occupancies from 1992 to 1993. In fact by 1993 he expects to refurbish and reopen 200 bedrooms which are now closed.

He says Carlton Hotel, an integral part of Anglo American Properties' (Amaprop) flagship Carlton Centre, is benefiting directly from improved foreign interest and the aggressive sales approach adopted by the management company, Three Cities Hotels.

BUSINESS

Refocused Pleasure rebounds

(288)

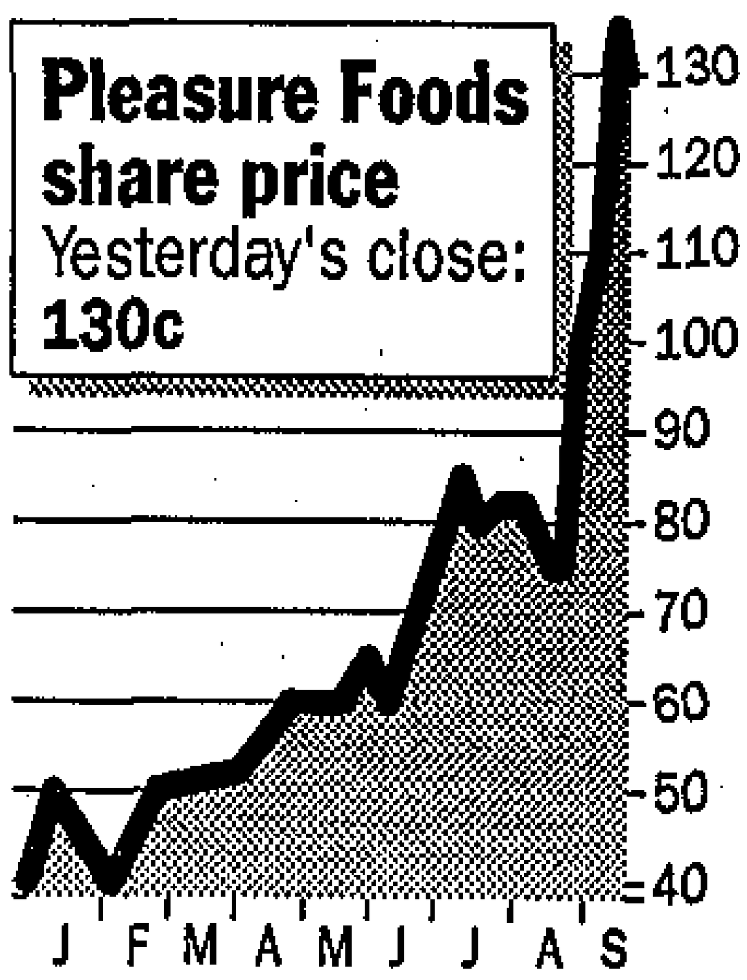
By Jabulani Sikhakhane Star 18/9/91

Pleasure Foods' (Plesure) share price has improved sharply since the beginning of the year, rising from 40c to yesterday's close of 130c, but it's still a long way from the pre-October 1987 peak of 270c.

After a poor earnings performance in the three years to June 1990, Plesure, which operates in the branded food service industry, achieved a sharp turnaround in profitability in the year to June 1991.

On a turnover increase of 4,4 percent, operating profit jumped 162 percent and earnings improved 335,1 percent. Operating margins advanced from 1,8 percent to 6,6 percent.

This sharp turnaround is largely due to the refocusing of the Plesure business around its five core brands, Wimpey, Milky Lane, Juicy Lucy, Pizza Hut and Golden Egg. The mix of company-owned stores to franchised outlets has changed a lot in the past few years.



In financial 1991, a number of Juicy Lucy company-owned stores in the Johannesburg area were sold to franchisees. Plesure acquired the remaining 50 percent holding in Milky Lane, selling all five stores in the company to franchisees.

After the year-end the entire shareholding in Burger Fair, which owned the Juicy Lucy stores in the Western Cape as well as the Burger Fair and Pecker brands was sold. The group's remaining shareholding in Mr Fruit Juice was also sold.

Chairman John Bryant writes in the 1991 annual report that Plesure's restructuring, which has been on-going for the past 18 months, is now complete.

The disposal of stores which have low returns to franchisees have clearly benefited Plesure, bringing down the group's cost structure.

In the past financial year, the cost of materials and services reduced by R7,96 million to R49,97 million, while salaries, wages and other benefits grew by only 12,6 percent to R24,07 million.

Managing director Mike Silberbauer says this is a reflection of the change in the mixture of franchised and company-owned stores. Plesure now earns income from royalties which are based on store turnover.

He adds that the growth in turnover shown in Plesure's income statement does not reflect the real growth achieved in the operations. Adding back the franchises stores, turnover was up 19 percent to R246,2 million.

Operations showing the biggest growth were Golden Egg whose turnover grew 40 percent (off a low-base), Milky Lane 33,5 percent, Wimpy 20,3 percent and Pizza Hut which rose 13 percent.

Lower tax

Plesure also benefited on the tax front. The effective tax rate dropped from 24,4 percent to 11,3 percent. A large factor here was trademark allowances which reduced the tax charge by 27,2 percent.

Plesure does not amortise trademarks (listed at a book value of R51,73 million) in the balance sheet. But these are amortised for tax purposes.

Looking ahead, Mr Bryant expects satisfactory growth in earnings, but cautions that this will depend largely on a change in the prevalent adverse economic conditions.

Pleasure Foods grows strong on optimism

288

BRENT VON MELVILLE

THE recent buoyancy of fast-food group Pleasure Foods reflects the strong optimism in management's restructuring of the group during the past 18 months.

The surge in the group's share price, currently at 125c, sparked speculation that parent Anglovaal Industries could be considering a buy-out of minorities.

Analysts are now taking the more conservative view that investor confidence has simply been boosted by Pleasure's sound fundamentals, which this year saw earnings more than quadruple.

Chairman John Bryant says that during the past year continued effort was directed at focusing the business on its five core brands — Wimpy, Juicy Lucy, Golden Egg, Pizza Hut and Milky Lane. BDay 19/9/91.

As part of the restructuring the group disposed of its shareholding in Burger Fair, which contained the company-owned Juicy Lucy stores in the Western Cape and the Burger Fair and Peckers brands.

The remaining shareholding in Mr Fruit Juice was sold while the outstanding 50% holding in Milky Lane was acquired. All five outlets in the company were individually sold into franchise.

No new Pizza Hut outlets were developed but expansion plans for developing more of the restaurants, as well as delivery and takeaway units, continue.

New Golden Egg outlets were developed at the Pietersburg and Ben Schoeman Highway Shell Ultra Cities. Bryant says further expansion with Shell (SA) is envisaged.

Nightclub 'saved'

THE timely intervention by the United Taverners Association of Southern Africa has saved the up-market and well-known "Monyaka by Nite" club in Sebokeng from collapsing, writes **JOSHUA RABOROKO**. 288

Utasa has acquired a partnership - 49-51 contract - with the owner of the club, Mr Boetie Marogane, after he experienced financial difficulties over a long period of time. Sowetan 19/9/91.

The association investigated the business and found it a viable project. The club, which is worth more than R2 million, was built seven years ago and has been the centre of attraction to fun lovers.

Maroganye told *Sowetan Business* this week that he decided to enter into the partnership after experiencing n financial problems.

"I am still interested in the business and will be supportive of the new management," he said.

DURBAN REDEVELOPMENT

LA life

288 FM 20/9/91

One of the last hotels left on Durban's Berea has been sold for redevelopment as a retirement complex after notice has been negotiated with the 60 permanent residents.

The sale of the Los Angeles Hotel to property developers Grovewalk Holdings caused a stir among the residents — mainly pensioners and students — particularly since they were given only a month's notice to find other accommodation. DP MP for Durban Central, Peter Gastrow, took up the issue, arguing that pensioners would not have time to find somewhere else to live. The University of Natal objected on the grounds that students staying in the hotel would have their end-of-year exams disrupted.

Now it seems they will get a reprieve. Grovewalk Holdings CE Gerard de Rauville says developers will consider postponing work on the hotel until the end of November and that accommodation will be sought and offered to people now in the hotel.

The Los Angeles Hotel has become run down in recent years even though it occupies a prime site on the Berea, bordered by Musgrave and St Thomas roads. Before buying the hotel, Grovewalk unsuccessfully applied to the province to have the land rezoned for commercial use with a proposal to build an office block. Both the city council and provincial authorities, aware of the small pool of lettable accommodation in central Durban and the high rentals, argued that any development on the site should retain the residential character of the area.

De Rauville says his company now plans to gut the hotel and develop a R15m, four-storey retirement village of about 150 units. There are also plans for a landscaped park around the new complex.

Grovewalk will not disclose what it paid for the 10 000 m² site but it is believed to be less than the R5m the owners of the hotel were asking.

Closure of the hotel is being welcomed by many neighbouring property owners, including the nearby St Thomas's Anglican Church, which often complained of the patrons' late-night behaviour. But the Los Angeles will be missed by the hundreds of lunchtime visitors who pack the hotel during the week to watch its popular strip shows. ■

GORDON'S BAY

Setting sail

288

FM 20/9/91

It took longer than planned but the ambitious marina development at Gordon's Bay on the Cape coast got under way this week when builders moved on site.

The Harbour Island development is the first fully fledged marina on the False Bay shoreline, according to the developers. Anglo American's Marina da Gama across the bay near Muizenberg was designed as a marina, with direct sea access, but the plan was altered and there is no open channel.

Harbour Island will include a harbour for

continue →

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FM 20/9/91

80 vessels and 120 moorings for residents' boats in the inner basins and around two artificially created islands. The harbour, which is due to be completed by the end of next year, is part of the R40m first phase of the development that will also include 53 residential units, all with direct access to the water. The first residents are expected to move in early in 1993, says development company shareholder Tony de la Fontaine.

The project will be phased in over five to seven years and is planned to accommodate about 3 000 people and provide about 500 permanent jobs once building is complete. Marketing of the sectional title residential units is to start next month.

The 25 ha site, which includes 1,3 km of beachfront, was owned by Gordon's Bay town council, included sports facilities, a sewerage works and municipal yard. All have now been relocated.

The proposed development was announced as a R250m project in 1989 and work on the site was due to start early last year (*Property* November 17 1989). De la Fontaine says the delay was mainly because of the lengthy process of consultation, research, environmental impact studies and approval by a wide range of authorities. He says the final cost of the development is now expected to be about R350m. There are also likely to be fewer than the 1 000 residential units originally planned.

He says the units will be marketed as widely as possible and aimed at people looking for a secure village atmosphere. He believes the development is well suited to people working in the Hottentots Holland basin or even in Cape Town, which is about 40 minutes by road away. ■

FM 20/9/91

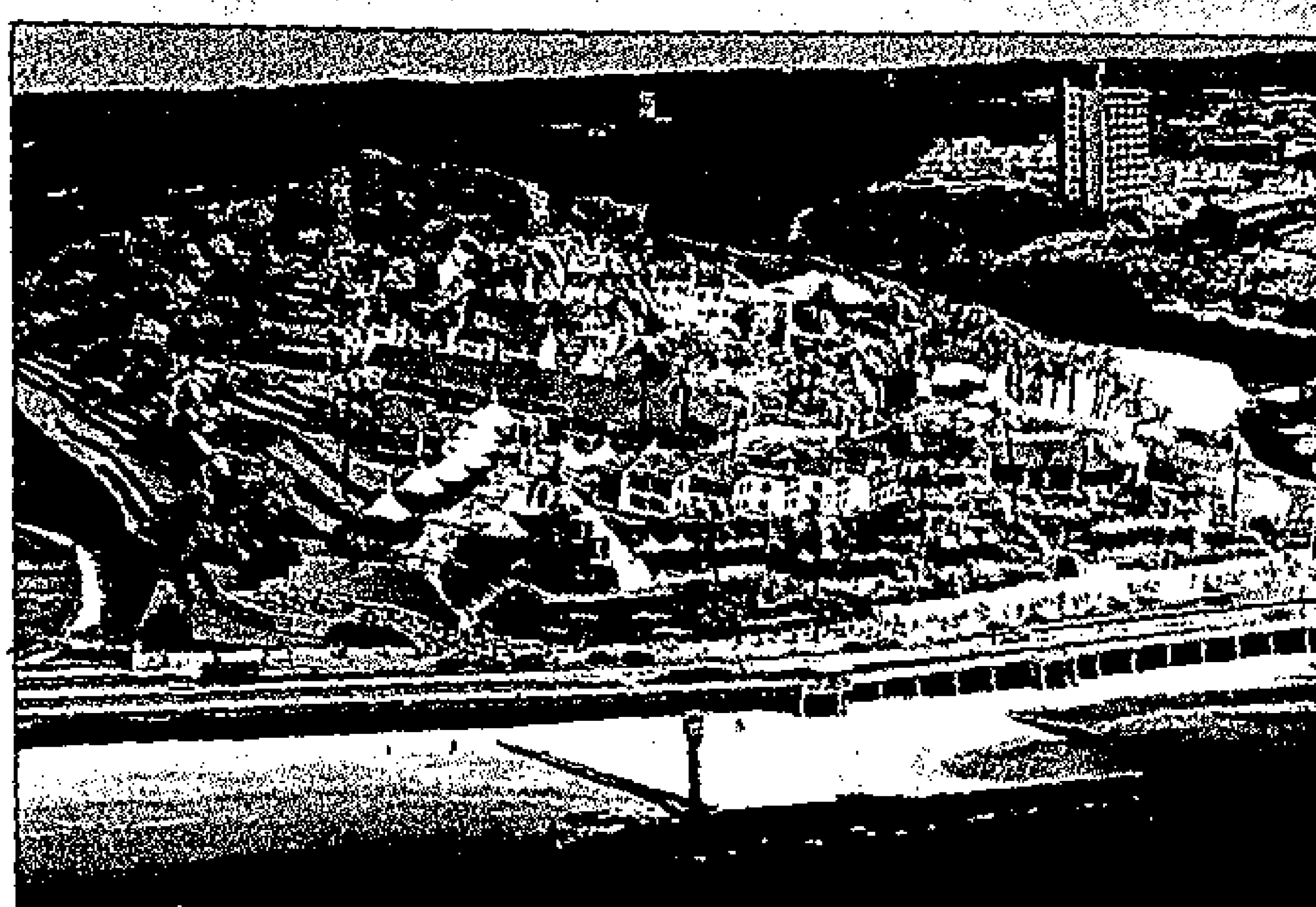
THE TIDE COMES IN

(288)

Some people are convinced that a tourist boom is inevitable. Among those prepared to back the belief with action (and funding) are Brookes Hill (Pty), developers of Port Elizabeth's R80m-plus Brookes Hill Development. The scheme is a mixed one and includes provision for hotel and conference facilities, a health spa, including health and beauty clinics, and shareblock chalets.

Work on the project is expected to begin within the next month or so for completion in a few years.

The development will occupy a 5,9 ha site on Brookes Hill off Beach Road, Humewood, adjacent to Port Elizabeth's Happy Valley.



The hotel will initially have conference facilities for 600 delegates and shareblock chalets will be sold on an eighth-share basis — each owner will be entitled to spend six weeks a year there.

Sabta poised to enter hotel trade

(288) CT 23/9/91

By THEO RAWANA

THE SA Black Taxi Associations (Sabta) was poised to enter the hotel and tourism trade in southern Africa, the organisation's public affairs manager Fanyana Shiburi said at the weekend.

This followed a call by University of Zimbabwe economist Sipho Shabalala at the organisation's seventh AGM at Sun City last week for Sabta to look at diversifying into travel-related markets in neighbouring states.

Outlining the role Sabta could play, Shabalala said: "The principal goal of our region should be the bringing about of a high and rising standard of living for the citizens of the region."

"To meet the package of consumer needs, Sabta should consider establishing units for tourists and holiday-makers and travel agents' support services; to build and run (its) own lodging and catering units at convenient places and establish and operate filling and repair stations at strategic locations," Shabalala said.

Sabta's Shiburi responded by saying his organisation was well set to undertake expansion. "Tourism has always been a main focus and, with the changing climate, we are well-placed to provide services in this area."

Letter and parcel distribution was another service the organisation was pursuing and taximen could soon be running full-scale freight services, Shiburi added.

Sabta set to expand into hotels, tourism

(286)

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Ballooning PWV prompts public transport study

B Day 23/9/91

Business Day Reporter

THE PWV's population would exceed that of London or Los Angeles in 10 years' time, a Transvaal Provincial Administration spokesman said yesterday.

At the weekend launch of a study into a new public transport system for the area, the spokesman said the PWV's population growth rate exceeded the national average over the past 20 years.

About 25% of the total population was concentrated in the PWV area, which constituted 2,1% of SA's land area. It was predicted that the PWV's population — currently 9-million — would be 16-million by 2010.

The TPA announced the study in Pretoria on Friday.

It was intended to provide a background for a balanced public transport system for the PWV. The study would be done by the TPA in co-operation with the SA Roads Council, consulting engineers and town and regional planners.

The area to be studied stretched from Rus De Winter in the north, Witbank in the east, Heidelberg in the southeast, Vereeniging, Vanderbijlpark and Sasolburg in the south and Brits in the west.

Transport Department deputy director-general Malcolm Mitchell warned that the study plan would have to take into account that finance would be a great limitation on what those involved could achieve.

A previous study had assumed finance would be available to implement recommendations and projects. However, budget structures did not allow these to be carried out.

A TPA spokesman said the study was crucial in view of the expected urban development and the high population concentrations.

It was projected that the population of the PWV area would exceed those of cities such as London and Los Angeles within the next 10 years.

The study will look at the utilisation of the existing transportation infrastructure and planned road network and the identification and reservation of corridors for future public transport systems.

Public transport infrastructure funding will be probed, as will planning adjustments based on social, political, economic and regional environmental changes.

Hotel 'wouldn't serve non-whites'

CT 25/9/91

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Staff Reporter

THE manager of a Caledon hotel has denied that a group of five Cape Town men were refused access to a bar at the hotel because one man was coloured.

Mr Gawie Kruger, of the Alexander Hotel, said the men were asked to drink in the ladies' bar or the hotel restaurant as the "Alexander Club" was for members only.

Mr Abe Kink, an employee of one of the four businessmen involved, said he had been "humiliated" by the incident. "I thought that apartheid was scrapped and then this happens," he said.

His employer, Mr Ken Disney, of Mowbray, said that when their group tried to enter the pub on Saturday night they were asked to leave. "The barmen told us that they did not accept non-whites. We were very embarrassed and we went to a Greyton hotel, where we did ~~not have~~ any problems."

Mr Kruger said, however, that "if that was what happened, then the men were told to leave by the wrong chap and for the wrong reason".

He added that he had not personally asked the men to leave on racial grounds.

"We are not a racist hotel at all. We have three coloured people staying with us right now," Mr Kruger said.

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Hotel market active in Cape

B/Day. 25/9/91

THE Cape Hotel property market is active and several hotels, with a total value of R11m, have changed hands over the past four months, says Pam Golding Properties' commercial and industrial division head John Pistorius.

Recent sales include the 24-roomed Beach House at Kleinmond on the south-west coast for R1,45m and the Oxford Hotel in Durbanville for R900 000.

"PGP is very active in the hotel market and is currently negotiating two other sales," Pistorius says.

There are plenty of interesting opportunities around, from country inns to city hotels and leisure resorts, he says. While there is interest from both local and overseas buyers, many of the offshore investors have adopted a "wait-and-see" approach.

Investors are looking beyond current events and are positioning themselves to take advantage of the expected improvement in the tourist industry.

Generally, however, the hotel industry is reflecting the downswing in the economy, and the township violence has caused a decline in the number of foreigners visiting the country.

Another factor is that hotel accommodation is often seen as beyond the reach of most families.

Witnesses charged in Khutsong probe

PATRICK BULGER

FIVE witnesses who gave testimony that led to 11 policemen being suspended following 22 deaths at a western Transvaal township are facing criminal charges.

The witnesses to alleged police killings in Khutsong township and nearby Welverdiend police station have co-operated with lawyers and police attached to the investigations office of Maj-Gen Ronnie van der Westhuizen.

The deaths occurred last year and earlier this year. B Day 26/9/91.

This week Sally Sealey of the Independent Board of Inquiry into Informal Repression, who helped locate witnesses, was herself arrested and charged with assault and crimen injuria. She, and local ANC leader Dan Ndzeku, were later released on bail of R500 each.

Their arrest followed that of five witnesses who have been charged with illegal possession of firearms and robbery.

Sealey said that witness William Fantein was charged with illegal possession of a firearm in January this year and released on free bail. Witnesses Enos Mahlangu and Samuel Nkuta were charged with robbery at the end of last month. Late last month Thomas Monene and Thomas Mavundla were charged with illegal possession of firearms and ammunition.

The Welverdiend docket is due to be handed over to the Attorney-General tomorrow.

Natal is chosen for tourist boom project

B Day 26/9/91 288

IAN HOBBS

LONDON — Natal has been chosen to pioneer the potentially huge and lucrative package tourist trade to SA, which starts in November.

SA's Ambassador in London, Kent Durr, yesterday welcomed the high quality packages from the UK as a historic step towards SA becoming one of the world's prime tourist destinations by as early as 1993.

As a further benefit from political reform, major international hotel groups had anticipated a spectacular tourist boom and were already planning to invest in SA.

He said that by 1993 the "great boom" in SA tourism, in co-operation with neighbouring countries, would have attracted all the world's main airlines to the area.

The Natal packages, first of a series of planned countrywide "SA Delight Holidays" run by experienced UK operators, are expected to take 5 000 people to Durban and Natal beauty spots between November and April 1992.

The first season of a new breed of adventure package tourists, who will pay from £599 each for a basic two-week holiday with Monarch Airlines, flying in new Boeing 757s, will spend at least a further R25m in Natal.

Durr, who was involved as a former Cabinet minister in the planning for the venture, told an embassy launch reception that "SA Delight Holidays" had spectacular potential that would create many jobs and benefits for all South Africans. He hoped to see the initial tours to Natal spread quickly to take in the full beauty and spectacle of SA.

He promised that the carefully controlled, very high quality packages would never turn into the "tourism pollution" that has wrecked Spain's Costa Brava.

SA Delight Holidays MD David Bennet, who spent two years planning the venture, said Durban and Natal had been chosen for the launch beause they alone had the hotel capacity and experience to handle SA's first major foreign package tours.

A special tour being offered will take steam train buffs on a 10-day old-fashioned journey around SA. Accommodation is limited and most places are already sold, after news leaked out to steam fans.

High fares to SA will hurt tourism

(288) CT 26/9/91

IT costs four times as much to fly from Europe to Cape Town as it does to fly from Europe to Los Angeles, according to Cape Town Chamber of Commerce.

In its latest Bulletin, the chamber's business affairs manager, Mr Albert Schuitmaker, said that unless air fares were reduced, South Africa could not hope to get anywhere near the government's goal of an eight-fold increase in foreign tourism to South Africa.

There are generally no charter flights allowed from Europe to South Africa, he said yesterday — with one exception. A British tour organisation has been allowed to use eight charter flights to Durban in high season.

He said the best fare offered in an Amsterdam newspaper this month from Amsterdam to Los Angeles — an 11-hour flight — was 975 guilders (about R1 450), on a charter flight. The best fare to Cape Town — a 14-hour flight — was 3 872 guilders (about R5 770), nearly four times as much.

Flying times to Hong Kong and to Cape Town were about the same from Amsterdam, but it cost only 2 065 guilders (about R3 075) to Hong Kong and 3 872 guilders (about R5 769) to Cape Town.

To compensate for varying distances, Mr Schuitmaker converted costs into a rate (in guilders) per flying hour. His results were as follows: Cape Town 277, Johannesburg 278, Harare 174, Rio de Janiero 164, Hong Kong 150, Mexico 130, Sydney 125, Singapore 124, Bangkok 116 and Los Angeles 87.

Package tours take off despite protests

B/Day 27/9/91

IAN HOBBS

LONDON — Pioneering package holidays from Britain, set to bring a multimillion-rand tourism boost to Natal and later all of SA, will take off in November despite objection by SAA.

288

With the support of the SA government and Satour, the full programme to fly at least 5 000 tourists to Durban between November and April, using the independent carrier Monarch Airlines, is going ahead.

Following objections from SAA, the Department of Civil Aviation (DCA) has initially limited Monarch's landing rights in Durban to December and January — when hotels are full.

But there were indications last night that the London company SA Delight Holidays would get the full landing rights it wanted within two weeks.

Hoteliers in Durban were being advised last night to prepare for an estimated R25m new business in Natal by the end of April, with the venture spreading to most of SA by 1993.

Satour London manager Russell Barlow-Jones said SA Delight Holidays was bringing a completely new client into SA tourism and was not taking business away from anyone. British responses had been good.

Package tours to SA set for take-off

288 CT 27/9/91

Own Correspondent

LONDON. — About 5 000 Britons will be flown to South Africa this summer in the first package holiday deal that could earn the country as much as R25 million in foreign exchange.

Durban will be the first to benefit, but Cape Town and other cities will also eventually be on the itinerary of the new tourists.

International carrier Monarch Airlines is going ahead, with the support of the South African government and Satour.

The first flights will leave London in November, despite opposition from SA Airways. The proposed series of package tours will continue until April.

Following the objections from SAA, the Department of Civil Aviation (DCA) has initially limited Monarch's landing rights in Durban to December and January — when hotels are already at capacity.

But top-level sources indicated last night that the London-based company SA Delight Holidays will secure full landing rights within two weeks.

The Natal chairman of Fedhasa, Mr Alan Gooderson, said yesterday he was "delighted" with the news that the package tours had been approved.

Hotel market showing spark

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ARG 28/9/91

THERE appears to be more than a bit of life in the hotel property with Pam Golding Properties reporting R11 million-worth of sales over the past four months.

According to John Pistorius, head of PGP's Commercial and Industrial Division, these include Beach House in Kleinmond on the Cape's south-west coast for R1,45 million and the Oxford Hotel in Durbanville for R900 000.

Confidentiality clauses prevent him from publicising other sales.

"Beach House is a 24-roomed luxury hotel right on the beach at Kleinmond.

"It was recently extensively refurbished and boasts an attractive restaurant, pub and conference centre. It has been bought by two private investors,' he says.

Mr Pistorius says PGP is currently very active in the hotel market: "We've made some good sales and we are currently negotiating two others.

"There are also plenty of interesting opportunities around from country inns to city hotels and leisure resorts."

There is interest from both local and overseas buyers, he says, and while many of the latter have adopted a "wait-and-see" attitude, their interest had by no means waned.

"I think many investors are looking beyond current events and are astutely positioning themsleves to take advantage of the anticipated boom in the tourist industry.

"One only has to look at the number of new airlines flying into the country to realise the international interest and confidence in our tourism potential.

"South Africa does not have enough hotel beds and today's wise investor stands to benefit greatly."

Mr Pistorius says in today's market a considerable amount of creativity is required in putting a deal togethetr.

"In dealing with sellers we look at their overall investment and assist them in analysing the various options at their disposal.

In the majority of instances the value of bricks and mortar cannot justify an appropriate return.

"We therefore work through a variety of operations including selling the business with or without the property, conversion to office accommodation, sectional title or time-share.

"We also help buyers in considering various ways of purchasing a hotel such as bond finance.

SA gets set for next British invasion

288

From IAN HOBBS

LONDON. — South Africa is on the brink of a sensational tourist boom that could revitalise the economy, British Airways said yesterday as it announced a major new holiday programme.

CT 28/9/91

British Airways has slashed prices sensationally to as low as £599 (about R3 000) for at least 5 000 scheduled holiday packages going on sale here from Tuesday.

"South Africa is poised to become one of the world's major long-haul destinations and we are moving in immediately to grab a share of the new business," said Mr Roger Heape, marketing and products director of the wholly owned subsidiary British Airways Holidays.

Sell-out

Mr Heape told a press conference here that South Africa had everything going for it as a high-quality holiday centre.

BA is so confident that the first 5 000 of its packages, made flexible to meet individual requirements, will be a sell-out that it is considering standby plans to increase capacity, said Mr Ian Greenleaf, general manager of BA Holidays South Africa.

South African ambassador Mr Kent Durr, who was guest of honour at the launch, welcomed the new BA business, predicting that all the world's major airlines would be flying into South Africa within 12 to 18 months.

● **Charter flights to city "would be considered" — Page 3**

Protea on move over the border

(288)
S/Times (Bus)
29/9/91

Business Times Reporter

PROTEA Hotels is moving into Mauritius and Mozambique and is negotiating with other countries.

The company has also been appointed a consultant by the Malawian Government to help develop a holiday resort on Lake Malawi.

Executive chairman Otto Stehlik says the group is negotiating to incorporate hotels in Namibia and Botswana and great potential for tourism exists in Zimbabwe, Angola and other Central African countries.

"We are in a better position to market Africa than international hotel operators because we have a strong and loyal guest support base in SA which has shown interest in our projects."

Opening

In Mozambique, the 250-room Rovuma Protea hotel has been added to the group. It has been transformed from a losing to a profitable resort and is being upgraded. The 40-room hotel on the island of Inhaca is being renovated.

In Mauritius, a 40-room Moolight Bay hotel at Grande Riviera Sud-Est on the east coast of the island will be opened at the end of October.

The Protea Hospitality Corporation with 65 hotels and 35 self-catering establishments — 5 800 rooms — is ranked the 34th largest hotel group in the world and largest in Africa by Hotels, the international magazine for the hotel and restaurant trade.

Leisure pays its way in the Safren empire

(288)

S| Times (Bus) 29/9/91.

THREE ice shows grossed R14-million in three days through Interleisure's Computicket sales.

"Not much of that sticks to us," says Interleisure managing director Mike Egan. "But it gives you an idea of the potential for our group when cultural and sporting barriers are lifted."

Interleisure is only a part of one of four arms in the Safren group, whose executives and operating management gave a presentation to the Investment Analysts Society in Johannesburg this week.

Kersaf and Federale Volksbeleggings each have 38% of Interleisure. Kersaf is one of Safren's investment quartet, the others being Safmarine, Rennies and the much smaller Willis Faber Enthoven.

Mr Egan says his group will spend R157-million in the next two to three years on expansion. Cinemas will be a major feature of a business dominated by Interleisure's Ster Kinekor. The number of screens will rise from 212 to 392.

Mr Egan makes a lot about expansion into black areas, but only 44 new screens will be in that market.

He says: "We do not own the bricks and mortar. Only if property developers build in black areas are we able to open a cinema."

Five years ago, 200 000 blacks saw movies and by 1990 the number had reached 2-million. Cinema tickets will be subject to Vat, but Ster Kinekor has dropped by 30% the price of all but the 8 o'clock shows in an effort to boost attendances.

There was real growth of 10% a year in movie-goers in the 1980s, but it flattened in the past 18 months because of the recession.

The other major thrust of Interleisure investment is R24-million in film production. Only legislation has precluded the group from television broadcasting. Deregulation, believed to be in the pipeline, could open the airwaves.

Mr Egan says there is plenty of foreign interest in making films here. The climate is good, expertise exists and costs are relatively low.

Expansion on the food side will be undertaken only through franchising.

"Interleisure reversed into the Squires listing in 1986 and perhaps for this reason analysts have attached great importance to our food operations. We did get indigestion, but have learned from our mistakes," says Mr Egan.

"Franchising the restaurants has changed our food division from being a cash gobbler to a cash cow. It is reassuring to go into a recession with no gearing."

More is afoot in the sports shoe operation. Nike's withdrawal from SA this year gave Interleisure a boost. Mr Egan says the group aims to make sports shoes in SA under licence in partnership with a shoe company here.

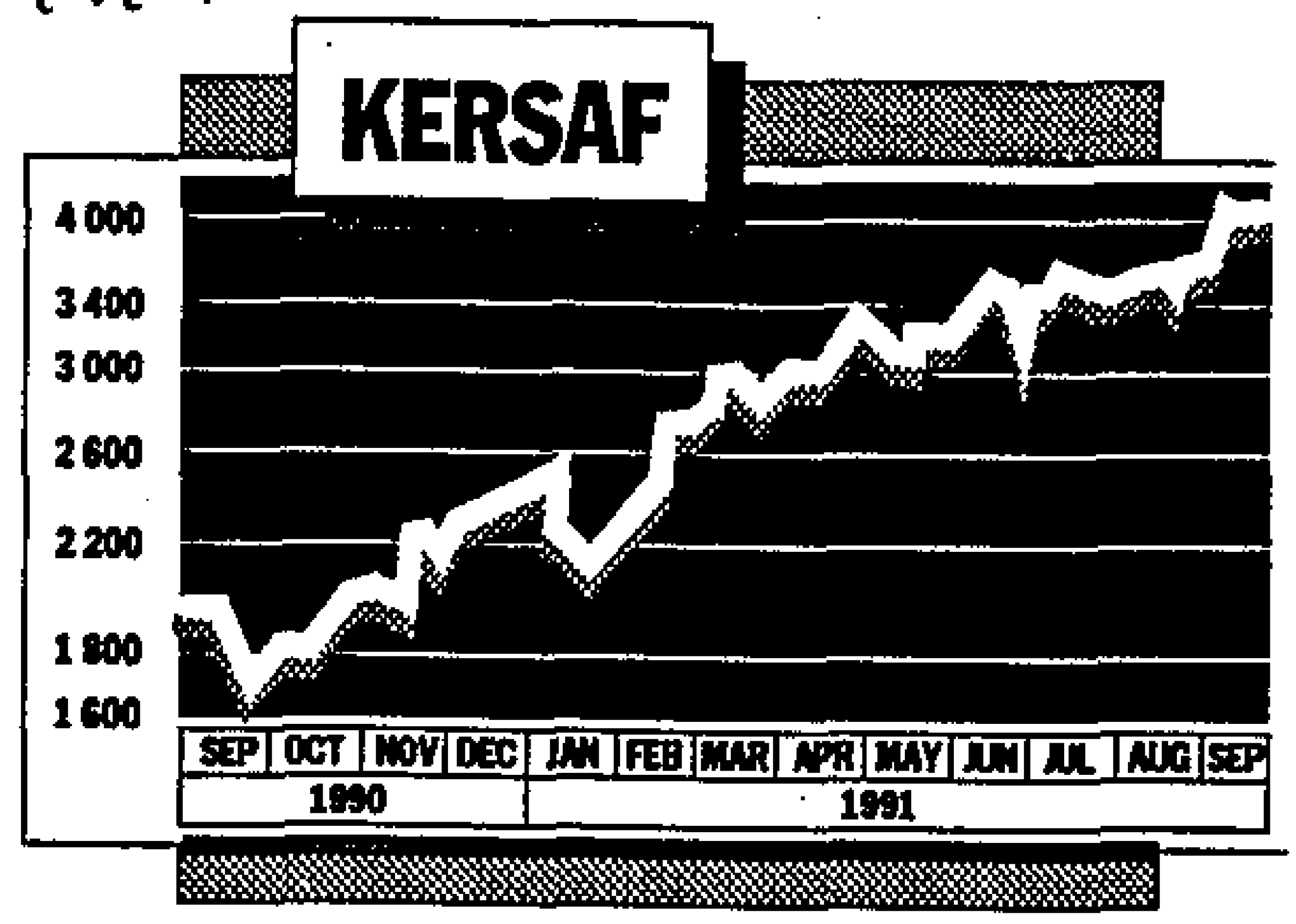
Interleisure has made a compound annual return of 40% on shareholders' funds.

Mr Egan believes from his own canvassing that analysts expect the average earnings growth of industrial companies to be 11% in 1991. Although viewing that to be optimistic, he says his group will do at least as well or better than the average. In the longer term, Interleisure has a great future.

Kersaf has a small liquor business, but its biggest investment is 80% in unlisted Sun International with its bevy of hotels, casinos and entertainment centres.

Chief executive Ken Rosevear says Sun International's performance was hindered by the Persian Gulf war's effect on occupancy rates, high labour costs and a foreign-currency loss in the year to June 1991.

Its potential lies in the new resort at Babalegi, with its off-ramp from the N1 freeway near Pretoria. The project will be complete by November, only 14 months after the contractors moved on site.



A total of R321-million will have been invested in Babalegi and another R710-million on the Lost City at Sun City, which will be finished by the end of 1992.

Mr Rosevear believes Sun City, which has been up for 11 years, will get the fillip it needs from the Lost City as well as from conferences, sports and entertainment when SA comes in from the cold. Another golf course and casino will be built.

Mr Rosevear does not believe the reincorporation of the homelands — and their exceptional gaming laws — into South Africa will present many problems.

In the first place, it will not be rapid. Second, government agencies, such as development corporations have more than R1-billion of share value in the Sun International resorts, and have earned more than R1-billion in direct and indirect tax. Third, the group will have 18 000 employees in a land short of job opportunities.

Mr Rosevear says Sun International's resorts have introduced a tourist infrastructure to prime areas. Tourism could become one of SA's leading foreign-currency earners. The Lost City will be unique and he expects it to attract global attention.

The Wild Coast and Fish River resorts are also being improved and another R366-million is earmarked for refurbishment. Room occupancy is still high at almost 70%.

Mr Rosevear hopes the SA Government will review its policies on hotels, the construction of which has stagnated for five years because of high costs, interest rates, wages and particularly a lack of tax incentives.

A restraint of trade on Sun International's building hotels in SA expired in March.

There are also opportunities in Africa and the Indian Ocean islands.

Analysts were bombarded with percentages during the lengthy presentation which covered the Safren spectrum, but few will be sellers of the clutch of shares.

Safren holds 76% of Kersaf. The market capitalisations respectively are R4,2-billion and R2,9-billion. Safren's non-Kersaf assets — Safmarine, 75% of Rennies and 60% of Willis Faber Enthoven — are valued at R1,3-billion.

The tradeability and share rating would probably improve if the group were to be unbundled, but Safren chief executive Buddy Hawton says there are no plans to do so.

BUSINESS DAY, Wednesday, October 2 1991 | 7

Mount Nelson Hotel prepares to expand

BDay 2/10/91. (288)

THE Mount Nelson Hotel in Cape Town is preparing for a record season next year in the face of gloomy comments about the SA hotel industry's supposed "bankruptcy", GM Nick Seewer says.

The hotel is preparing to add about 30 more suites to its present complement of 159 luxury rooms and suites within the next three years at a cost of about R9m.

"I don't believe we've moved nearly fast enough to cater for the tourist influx.

"We may be in a downturn now, but I don't think we should be as unhappy as some people are," Seewer says.

The industry was cyclical, and township violence, general political uncertainty, and a worldwide recession had had a tremendous effect on international tourism.

"The new season, while perhaps not yet at record levels, will be a fine one.

"Moreover, when SA starts to move out of the recessionary phase, there will be huge tourism demands made on this country.

"We're gearing up for what I believe will be record seasons in 1992 and 1993," Seewer says.

The Mount Nelson has had average occupancy levels of just less than 60% this year, down on 1990's 65%.

The hotel recently acquired two adjoining properties — Taunton House and 10 Hof Street — which, with the former Green Park Hotel, will be restored and converted into luxury accommodation.

Seewer says the new rooms will pay for themselves in a relatively short time, particularly with renewed leisure/business interest in SA and the hotel's excellent occupancy levels in the summer months.

"However, while these and several proposed new luxury suites in the pool area are on the cards, we do not intend to grow too large.

"A delicate balance has to be achieved to retain the grace, privacy and elegance of present buildings."

Adequate lounge and dining facilities will be provided for the new suites so the hotel is not placed under too much strain.

100 restaurants in city are up for sale

(288) CT 2/10/91

By MAGGIE ROWLEY
Deputy Business Editor

ABOUT 100 Greater Cape Town restaurants are up for sale, hard hit by seasonal fluctuations and a shrinking clientele because of the recession and diners being lured to new venues, including the Waterfront.

One property company alone has more than 80 restaurants on its books.

Mr Peter Harfield, executive director of the Federated Hotel, Liquor and Catering Association of South Africa (Fedhasa), said that while official statistics were not available, the number of restaurants up for sale in the city was believed to be more than 100.

"The Cape Town season at best is about five months. Only the strong survive between May and September, and traditionally many of the city's restaurants come up for sale at this time," he said.

"This has been exacerbated by the recession, which has left fewer people with discretionary disposable income, as well as by the number of new restaurants that have opened recently and attracted away a slice of the clientele pie."

Mr Theodore Yach of Seeff Commercial said they had 84 restaurants on their books — 18 in the southern suburbs, 32 in the CBD City Bowl area, 26 in the Sea Point and Atlantic seaboard area and eight in the northern areas.

"We had a further six or eight restaurants on our books recently that went under before they could be sold."

Mr Derek van der Merwe, financial director of the Victoria & Alfred Waterfront project, said business was booming for the 13 restaurants in their precinct, and they had received more than 500 applications from existing restaurateurs wishing to relocate there.

"Of these 150 were extremely serious, which is extraordinary, as they came from all over the country and we did no advertising in this regard whatsover."

He said Waterfront restaurants had started off at net rentals in today's terms of about R35 a square metre, plus operating costs of about R6 a square metre.

"However, practically from day one all of them exceeded the turnover clause stipulated in their contracts and are all now on turnover rentals."

A rental based on turnover usually represents about 10% of the tenant's sales.

Mr David Jack, managing director of the V&A, said they were bound by confidentiality to the restaurants and so could not disclose present rentals.

"All I can say is that they have been trading extremely well, with most exceeding expectations."

A further 12 restaurants are due to come on stream in the Victoria Wharf complex in October next year.

Low investor confidence killed Masterbond group

BDay 3/10/91. (288)

LINDA ENSOR

CAPE TOWN — Waning investor confidence in the Masterbond Trust group proved its undoing as it could no longer attract finance for its borrowers to fund their development projects, Masterbond Participation Bond Trust Managers director Johannes Brits said in papers before the Cape Town Supreme Court yesterday.

Hundreds of small investors are uncertain of the security of their investments in the group and its companies which were placed in provisional liquidation yesterday.

The six companies placed under voluntary provisional liquidation were Masterbond Participation Bond Trust Managers, Club Mykonos Langebaan, Club Mykonos Langebaan Resort Managers, Mykonos Weskus Beleggings, Rosenfontein Masterprop and CML Developers.

Application

An application is also to be made in the Eastern Province Supreme Court for the provisional liquidation of Marina Martinique at Jeffrey's Bay.

The group's collapse comes as SA's timeshare industry lies in the doldrums and new venture confidence is low. Brits said the viability of the R100m Club Mykonos development on the West Coast was threatened by bad publicity which resulted in reduced sales.

A system of intercompany loans and a reliance on companies lower down the pyramid to provide the means to pay the monthly interest on the debentures issued to the public proved fatal when sales at Club Mykonos fell off.

The companies were mostly unable to finance the interest payments on their debentures which fell due on October 1. Club Mykonos Langebaan issued R78,2m worth of debentures on its R127m mortgage bond and Mykonos Weskus Beleggings, a property developer which owns 88ha of land adjacent to Club Mykonos, issued debentures of R30m on its bond of R30m. Marina Martinique issued debentures worth R66,3m on mortgage bonds totalling R97m.

The Masterbond Trust Group, which has assets under administration of about R750m, assisted companies to raise loans using their property as security.

It issued debentures in return for investment funds for these companies and these debentures were secured by mortgage bonds in favour of Masterbond. Masterbond then acted as a trustee for the debenture holders.

Masterbond's difficulties began when the Reserve Bank decided its short-term debenture scheme was deposit taking and required that this aspect of the business be wound down or taken over by a licensed deposit taking institution.

Negotiations with financial institutions proved unsuccessful.

Brits said a drop in investor confidence had resulted in a "tremendous decrease in the flow of investment funds into the group".

This meant that Masterbond was not able to provide continuing financial support to its borrowers and the reinvestment of funds also decreased dramatically.

The provisional liquidation of its major borrowers destroyed Masterbond's main source of income — commission and administration fees. As a result, Brits said, it could not finance its operational expenses of about R800 000 and had a shortfall of about R2,3m in interest payments due. A further R7,4m becomes due on November 1.

Papers before the court showed that Club Mykonos Langebaan was unable to finance interest payments of R1,5m to debenture holders on October 1 and would not have been able to pay out the R603 000 capital sum due on debentures maturing this month. The company owes its parent company, Club Mykonos Holdings, R45m and Masterbond Trust R1m.

Club Mykonos Langebaan Resort Managers, which relied on the sale of units at Club Mykonos to generate its income, ran at a loss of R289 764 in July and R175 645 in August. It has net current liabilities of R1,9m, a negative equity of R1,3m and owes CML Developers R2,2m which had been called up.

Safeguard

Club Mykonos Langebaan owes Mykonos Weskus R7m and had been unable to service the R562 000 interest due on October 1.

The two sources of Club Mykonos developer CML Developers' income — sales of residential units to the public and draws against mortgage bonds — have both dried up. CML Developers owes Club Mykonos Langebaan R78m. Rosenfontein is a property investment company.

□ Association of Participation Mortgage Scheme Managers chairman Colin Hickling said Masterbond was not a member and that the Participation Mortgage Bond Act was enacted to secure and safeguard participants' interests irrespective of what becomes of a management company.

Three offers for troubled Club Mykonos

B/Day 3/10/91 (288)

LINDA ENSOR

CAPE TOWN — Three offers have been made to buy the Club Mykonos resort at Langebaan on the west coast, whose development company was provisionally liquidated in the Cape Town Supreme Court yesterday.

Club Mykonos Langebaan was one of six companies provisionally wound up, including Masterbond Participation Bond Trust Managers.

Masterbond Trust chairman Koos Jonker said the three offers came from large groups — one of them from overseas — interested in taking over the entire project valued at more than R100m.

He believed the support of a large group would restore confidence in Club Mykonos and boost the sale of units. So far R120m worth of units have been sold, with R107m still on the books. Liabilities total about R60m and shareholders' funds amount to

□ To Page 2

Club Mykonos

(288) □ From Page 1

about R40m. B/Day 3/10/91.

Jonker said 236 units had been completed with all but R9m sold. Fifty-five units were 80% completed and unsold. The average price for a unit is R500 000.

He assured the thousands of debenture holders who have invested in the project they would get their money back, although he cautioned that interest payments this month would be a problem.

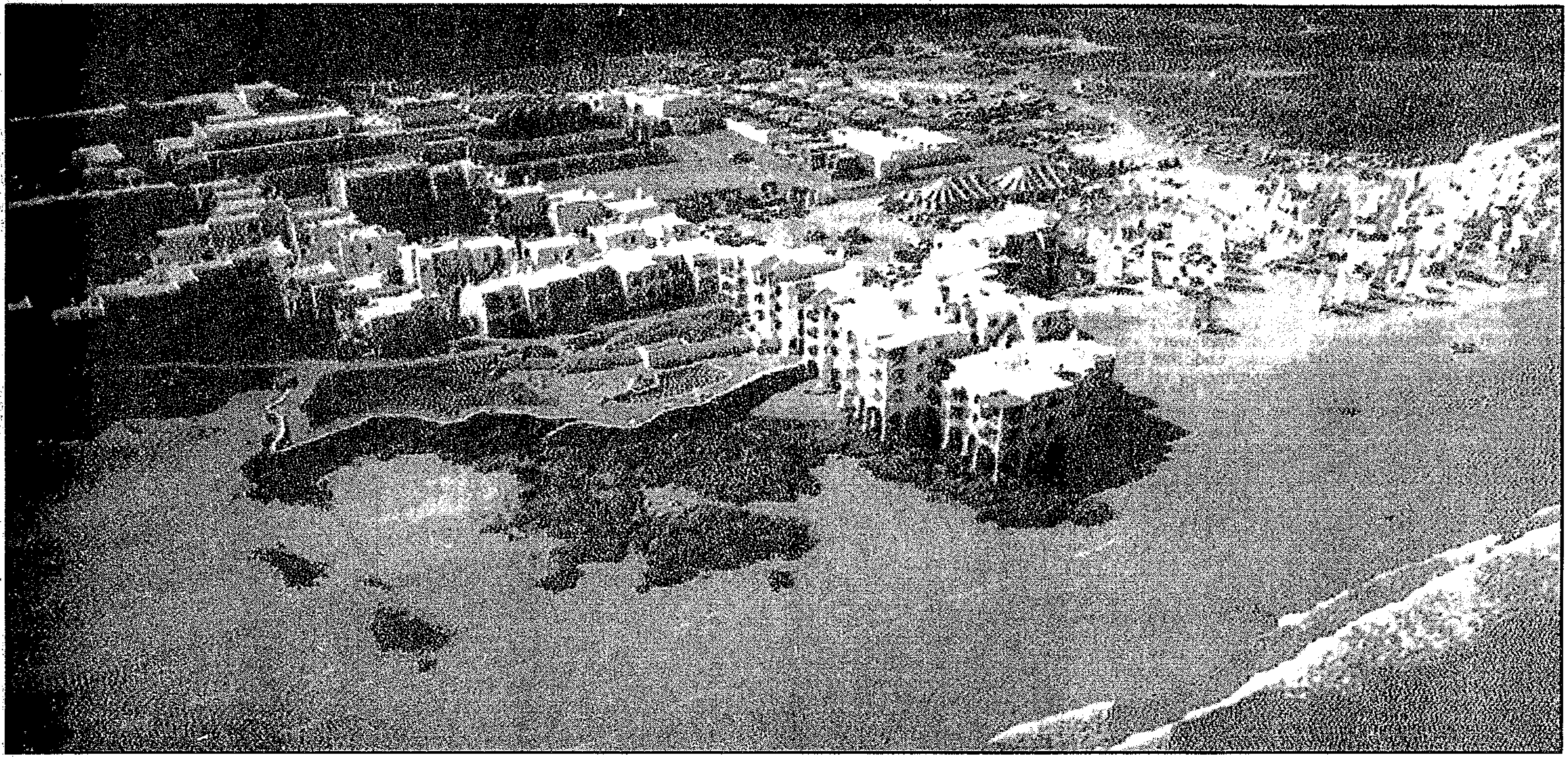
The Club Mykonos Langebaan Shareblock, the company in which all timeshare, sole and co-owners have a stake, has not been liquidated. Club Mykonos in Umhloti, Natal, and other companies in the Masterbond Trust group, such as the 40%-held Health & Racquet Club group, are unaffected.

Meanwhile, Multi Ownership Property Trust MD Ernst Meisinger said in a statement that the trust — a shareholder of Club Mykonos Langebaan Shareblock — was seeking the appointment of an independent liquidator to protect its and other shareholders' interests in Club Mykonos Langebaan Shareblock.

The shareblock company was unrelated to any of the Masterbond or Club Mykonos companies provisionally liquidated yesterday, he said.

Meisinger said news reports to the effect that Club Mykonos was to close were misleading as none of the companies under provisional liquidation in fact managed the resort.

● See Page 7



Failed venture . . . Club Mykonos on the Cape West Coast. Its liquidation, along with five other companies, has left 20 000 investors in the dark about their money.

Luxury Cape holiday resort liquidated

(288) Star 3/10/91

Own Correspondent

CAPE TOWN — Construction work on a new hotel in the Club Mykonos complex came to an abrupt halt yesterday, but for patrons and share-block owners it appeared to be business and pleasure as usual.

The luxurious Cape West Coast holiday resort and five other companies run by Masterbond Trust were liquidated yesterday, leaving 20 000 investors in the dark about their money.

A question mark also hangs over the millions of rands invested through participation mortgage bond in Masterbond Participation Bond Trust Managers.

The other liquidated groups are Club Mykonos Langebaan Resort Managers, CML Developers, Club Mykonos Langebaan, Mykonos Weskus Beleggings, and Rosenfontein Masterbond Properties.

Through these companies, funds have been invested in numerous projects, including the R200 million Club Mykonos, a Natal North Coast game reserve, the Health and Racquet Club group and Marina Martinique near Jeffreys Bay.

The group also holds a R30 million mortgage bond over the exclusive Fancourt golf course development outside George — but sold its equity stake to an overseas group only last week.

Even before Mr Justice C T Howie granted a provisional liquidation order, scaffolding at the Club Mykonos complex was being pulled down and building equipment was being trucked out.

Masterbond chairman Koos Jonker said yesterday there were 20 000 investors in all the group's properties. He believed their money was safe because the properties were worth more than the mortgage bonds.

"All assets exceed loans by between 50 and 60 percent in value."

About R120 million worth of units at Mykonos had been sold. Ninety of the 236 units had converted to sectional title and ownership of these units was safe.

The others — sold under the share block system — could also be secure but that had still to be decided by the liquidators.

Mr Jonker said he did not foresee any problems for the Health and Racquet Club because Masterbond was negotiating to get someone to take over the bond.

"Basically, we have a cash flow problem because we

To Page 3

Resort companies' accounts unfrozen

Star 4/10/91. (288)

Own Correspondent

CAPE TOWN — The bank accounts of Masterbond Trust companies were unfrozen yesterday, enabling them to continue paying interest to their 20 000 investors.

This was disclosed by chairman Koos Jonker, who also revealed that an Italian company was interested in buying the R100 million Club Mykonos on the Cape west coast.

The bank accounts were frozen on Wednesday when the companies were placed in provisional liquidation.

But the provisional liquidators lifted the restriction yesterday, said Mr Jonker.

Masterbond had also received three takeover offers for its participation mortgage bond schemes.

"I am confident this will not be a difficult exercise. The properties are all right, and investors have nothing to worry about," said Mr Jonker.

Investors in the operational companies should be getting their interest payments as usual, though there might be a hiccup of a few days because of the funds having been frozen.

Two overseas companies and two South African financial institutions were now interested in buying certain of Masterbond's developments.

Mr Jonker said he expected to meet representatives of the Italian company soon, but negotiations could take several months.

Masterbond is recommending that the profitable yacht harbour be leased out.

Managing director Johann Brits said yesterday that the share block company at Mykonos had not been liquidated, and a special shareholders' meeting would be called later this month.

The provisional liquidators would be asked to establish the situation.

Booked out

The resort was also still fully operational, with accommodation booked out until the end of the year, he said.

An organisation representing timeshare holiday owners at Mykonos wants an independent liquidator appointed to protect shareholders' interests, in addition to the three appointed by creditors.

Sapa reports that a development company which was being liquidated by Masterbond yesterday successfully opposed an application for provisional liquidation in the Grahamstown Supreme Court.

In a statement, the owners of the billion-rand Marina Martenique development near Jeffreys Bay said the court had set the liquidation application aside for 14 days.

Masterbond holds a 50 percent stake in the marina development.

The order was granted following argument that the company's assets exceeded its liabilities and that alternative financing was being sought to continue operations.

But, in a new development, the managing director of the development company, G Oswald Buchner, said the company would launch a claim for R32 million against Masterbond for breach of contract.

According to the statement, the claim was for funds which would have been used for a conference centre and a sports centre at the marina.

Mr Buchner, also a director of the marina, said in the statement he had been embarrassed by the liquidation application because the project had just been completed and the company was about to embark on a "strong marketing phase with 500 salespersons on standby".

He added that the liquidation of Masterbond would deprive his company of working capital until alternative finance could be obtained.

Mr Buchner pointed out, however, it was vital that the public was made aware that the marina was not selling timeshare, but freehold property, and that all buyers were fully protected by law and could take transfer of their properties.

Timeshare fair bet despite forecasts

S Times (Buss) 6/10/91

288

By TERRY BETTY

TIMESHARE is continuing to flourish in South Africa despite dire predictions that the market is saturated and the recent spate of liquidations.

RCI managing director Steve Griessel says the industry has continued to grow, with R210-million sales last year, bringing total SA investment in timeshare to R2-billion.

But many believe timeshare is oversold, as 7% of economically active people in SA have invested in timeshare, whereas less than 1% in America, Britain and Europe are involved.

Mr Griessel attributes SA's success to large players such as Southern Sun getting involved at the beginning and giving the industry credibility. SA was also able to learn from the mistakes of American developers, as it entered the market 10 years later.

But the image of timeshare is now tarnished. This stems from the controversial issue of levies, the high number of liquidations and pressure-selling tactics.

Club Mykonos's development company was provisionally liquidated this week. This follows the liquidation of five other timeshare development companies this year — Mabula, Kruger Park Lodge, The Halyards, Sudwala Lodge and Seafields.

Most were due to bad cash-flow projections. Marketing, sales and construction costs have to be paid up-front, and even the most profitable project has a severe cash-flow deficit in the early stages of development, says Peter Erasmus, executive director of industry watchdog Timeshare Institute of SA (TISA).

Furthermore, the purchaser's money is placed in a trust and cannot be used by the developer until the building is complete.

Mr Griessel points out that these liquidations have not affected the rights of any timeshare holders, though in some cases they have had to make a one-off, top-up payment to the levy fund.

"Further exorbitant levy increases were due to the developer's bad management. Many started with unsustainably low levies to attract buyers," says Mr Erasmus.

Unfortunately there have been a few developers hoping to make a killing, as potential profits from a timeshare venture are almost double a sole ownership scheme.

Mr Erasmus gives the example of a project of 50 units selling for R250 000 each, producing a revenue of R12,5-million. If the same project is a timeshare scheme and each week sells for an average of R10 000, the revenue is more than double at R26-million.

EEK

R20 000 per month

Kersaf is gearing up for growth in the next decade

B Day 1/10/91. (288)

MARCIA KLEIN

CAPEX developments amounting to more than R1,2bn would see leisure group Kersaf well placed for the next decade, chairman Buddy Hawton said in the group's annual review.

Kersaf's current capex programmes include Sun International Bophuthatswana's (SunBop) Lost City and Babelegi projects, extensions to the Wild Coast Sun and the Fish River Sun and many new cinema complexes through subsidiary Interleisure.

The developments would enable Kersaf to take advantage of the anticipated surge in international and local tourism and the increased emphasis on leisure time and related activities, Hawton said. These projects would "substantially position the group for the decade ahead".

Hawton said Kersaf's 15% turnover increase to R1,8bn and its 18% earnings rise to R165m in the year to end-June represented a slower growth than in previous years. However, the group's performance since its inception in July 1984 reflected compound annual growth rates of 28% in terms of turnover and 26% in terms of earnings.

Subsidiary SunBop's "excellent" results had brought its annual compound growth rates in turnover and earnings to 31% and 33% respectively. Hawton said the Bophuthatswana developments, which would cost more than R1bn, "rank among the largest and most exciting ever undertaken in southern Africa".

Royale Resorts, which houses the group's offshore operations, reported a 24% drop in earnings for the year. Royale's direct holdings include three resorts in Mauritius and one offshore casino operation, the second having been disposed of during the year.

Hawton said the loss in earnings was due to a realised exchange loss compared with an exchange gain in the previous year. Results were also affected by the Gulf war's effect on international tourism. However, he said earnings from these offshore interests should show satisfactory growth in the longer term, and easing of relationships between SA and the international community would provide new investment and expansion opportunities in the year.

In a difficult year for the liquor industry, liquor arm Douglas Green Bellingham reported disappointing results, Hawton said. Revenues were up by 10% but earnings decreased by 10% due to higher financing costs and margin erosion. The group's liquor interests have been merged with those of Union Wine and Kersaf now has a 50% interest in the partnership.

Since Ciskei Sun's recent listing, the Ciskei government has indicated it was not in favour of maintaining gaming exclusivity for the full periods specified. While clarification was still required, directors did not consider that any meaningful competitive gaming situation would arise in the short to medium term.

Hawton said Kersaf was likely to be affected by the reduced level of consumer spending in the year ahead, but it had forecast acceptable earnings growth for financial 1992.

Bidvest banks on upturn and political changes

BDay 7/10/91

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MARCIA KLEIN

BIDVEST expects continuing pressure on margins and relatively low market demand in the immediate future.

But the restructured group, whose major businesses now include Afcom, Cater Plus and Steiner, is well poised for growth given an upturn in the business cycle and progress towards solving SA's socio-political problems, chairman Brian Joffe says in the group's annual report.

Significant changes to the group's structure during the past financial year include the acquisition of Cater Plus, the businesses of Steiner Services and 50% of Justine cosmetics. It also increased its interest in Afcom. In financial 1991 Bidvest's earnings increased by 10% (on a fully diluted basis) on a substantial turnover increase. However, changes to the group's structure make comparisons between results of financial 1990 and 1991 meaningless.

The Cater Plus division distributes food and other products to the hotel, catering, food processing, baking and frozen food industries. Joffe says the spices division, housed in National Spice works, had a very successful year with operating profits for the year increasing by 99,7% on a 27,4% sales increase. Other divisions performed relatively well.

In May Bidvest acquired Steiner Services for R86m. Steiner, which rents towel cabinets, garments and hotel and restaurant linen, "will offer the group the stability and cash generating capabilities of an ongoing rental business".

In the two months that Steiner contributed to the group's results, it recorded R15m in sales.

Joffe says Steiner will adopt a more aggressive marketing stance in the future. The fundamental shift in the attitude of employers to invest in their workforce, especially in the area of industrial hygiene, will benefit Steiner in the future, he says.

Packaging and stationery products manufacturer Afcom's turnover and operating profit fell in financial 1991, but attributable income rose 35,2% on the back of a reduction in taxation.

Despite poor operating results, a focus on asset management resulted in a drop in gearing. Joffe says Afcom will aggressively focus its attention on improved local and export sales, an increase in market share, product leadership and improved service. He expects a satisfactory earnings increase in financial 1992.

Joffe says Justine had a difficult year, as a decline in disposable income was reflected in increasing price consciousness within the skin care and beauty products market.

While sales "barely kept pace with inflation", it broke even due to a change in the method of writing off promotional expenses.

TIMESHARE — 1

Plugging the holes

FM 11/10/91

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Another day and another timeshare resort bites the dust. Once again a bid to salvage the assets of thousands of investors, not to mention the increasingly tarnished image of the leisure property industry, has swung smoothly into action. The message is well-worn by now: individual timesharer's investments are safe. They need not worry.

Experience has proved, however, that such claims are shaky at best. The ripple effects of the demise of Club Mykonos and five other companies within the Masterbond Trust are already being felt far and wide. There is a clear message here — just as there was in the rescue of the northern Transvaal's Mabula timeshare resort. The timeshare companies, whether share block or sectional title, may be structurally sound but are vulnerable to the fallout from associated timeshare development and management companies which get in over their heads.

So events of the past week once again focus attention on the wisdom of buying timeshare.

Developers consistently maintain that the resorts which have landed in trouble are exceptions to the rule. Bruce Ravenhill, of the Timeshare Institute of SA (Tisa), also stresses that history has shown that people buying into these resorts don't lose because new developers taking up the balance of shares in resorts from liquidators, want the schemes as going concerns.

But how the number of "exceptions" is rising. They include: Summer Leisure, Timeshare Dynamics, Mabula, Sudwala, the Halyards, Kruger Park Lodge — all in the past few years. More worrying is the proportion of high-profile resorts on the list. Furthermore, efforts to save an investment defeat the original objective — a holiday away from urban stress.

Is the whole timeshare concept flawed? An investigation by chartered accountant Michael Sacks for a large banking group reaches some fairly damning conclusions. He stresses that while the theory of investment in holidays has merit, timeshare worldwide is an investor's nightmare. This is because promoters have been allowed to seize on attractive short-term benefits without regard to the long-term future of the project.

It might seem paradoxical, he says, but it's just as risky financing a high-season timeshare week as a low-season one. Low- and medium-season time, which accounts for more than 70% of most timeshare, has at best a limited resale market. Simple arithmetic has no respect for the seasons of the year when projects are plagued by poor management and maintenance, with disgruntled timesharers defaulting on levies.

Sacks believes many timeshare problems revolve around levies and the willingness or ability of all timesharers in a resort to meet payments. Arrear levy recovery procedures are usually set out in the conditions of purchase. "But what happens if levies aren't recovered from a increasing number of time-

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continue

FM 11/10/91

HOTEL — SPLENDOUR IN THE HILLS

Billed as the only estate hotel in Africa, the Grande Roche — under construction in the heart of Paarl 60 km north-east of Cape Town — promises to set new standards in luxury and elegance.

The R14m development (its name means big rock) is set in the middle of a 24 ha export grape farm at the base of Paarl Mountain and is the dream of German industrialist Hans Allgaier who fell in love with the Cape on his first visit to SA in February 1990. His initial plans to establish a luxury holiday pad evolved into the Grande Roche. It is due to open in December.

The hotel is widely spread over the estate but has only 29 suites ranging from a honeymoon set-up at R1 232 a night to duplex and terrace suites at R660 a couple and executive ones at R436 a couple. The tariffs all include a full breakfast and VAT.

Centrepiece of the development is the old farmstead which is being restored to Victorian splendour by architect Johan Malherbe who is also restoring other old farm buildings for use as suites or other facilities.

The honeymoon suite is in an old stable. A coach house, wine cellar and slave quarters house further suites. Where possible the original character of the buildings — such as reed ceilings — has been blended with modern fittings.

New buildings, including the terrace suites with sweeping views over the Drakenstein Valley, the conference centre and an amphitheatre, have been designed by Ernest Ford in a style compatible with the original buildings.

The hotel will have a top-class French restaurant, wine cellar, private dining room, ladies' bar, swimming pool and two tennis courts. Guests will have access to the nearby Paarl golf course.

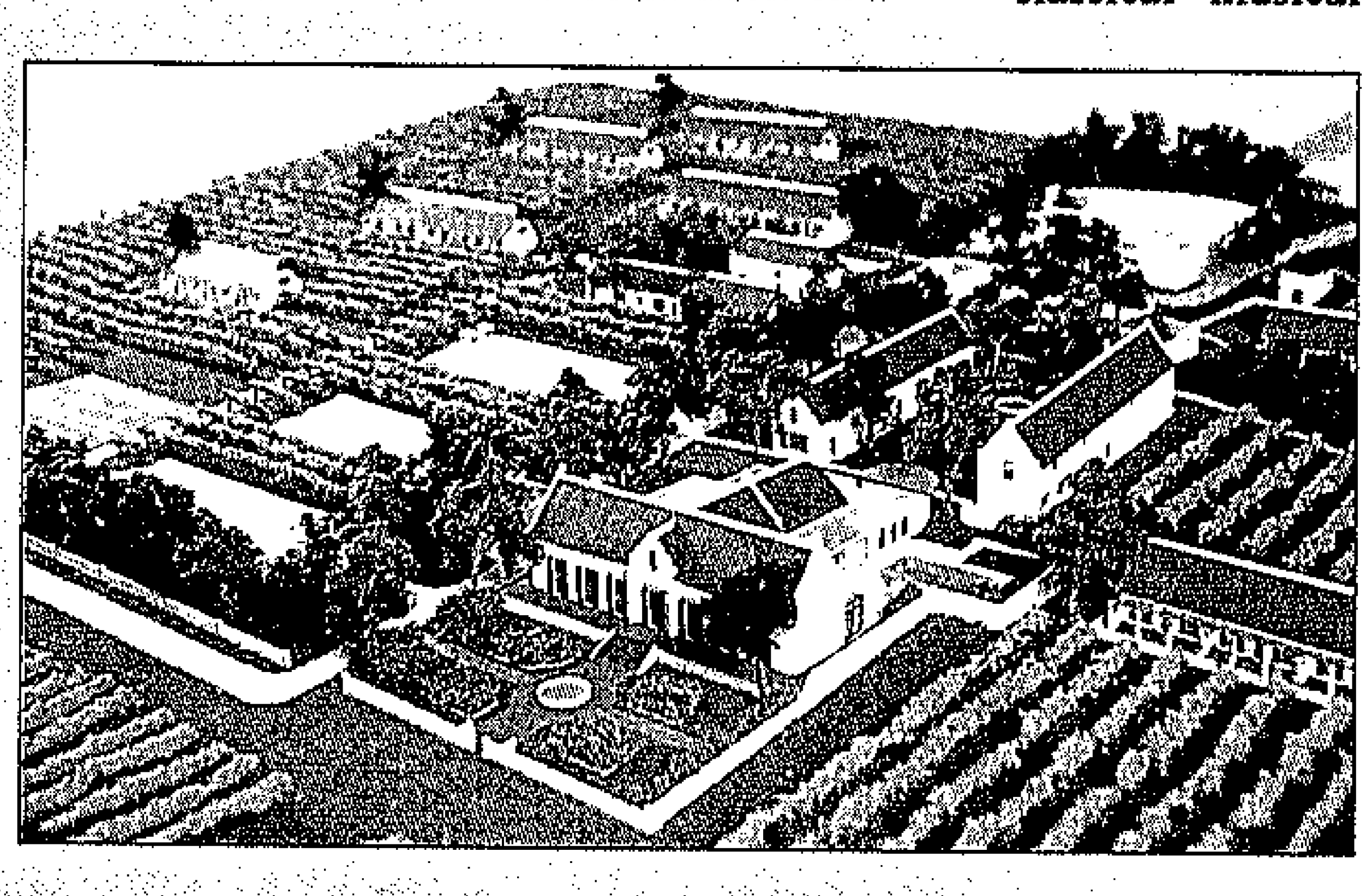
GM Horst Frehse, formerly with Protea Hotels, believes the Grande Roche offers a unique opportunity for tourists to experience a different side of the Cape. By basing themselves in Paarl they will be within easy distance of all the Boland attractions and Cape Town.

He concedes that a 29-room hotel on a R14m investment will show little or no return, even at high tariffs, but return on investment is not the owner's priority. He will be satisfied if the hotel pays its way.

The Grande Roche is a significant boost for Paarl which tends to be overshadowed in the tourism popularity stakes by neighbouring Stellenbosch. Frehse says response from residents has been good. The hotel is creating 70 jobs for locals and will have a total staff of about 90.

A 200-seat conference centre has been included but, Frehse says, the Grande Roche will not be a conference hotel. It will restrict use of the centre to small, exclusive functions.

The 350-seat amphitheatre will also be used mainly for special occasions such as classical musical festivals or recitals.



"Our intention is to create a unique, private, tranquil setting."

Frehse adds that bookings are going well with considerable interest from Europe. The high tariffs will limit the hotel's local appeal but he expects solid support from South Africans seeking something different.

sharers?" he asks.

The answer is that the growing annual revenue budget is shouldered by a diminishing pool of payers — until it grows too big. The inevitable result: liquidation.

Sacks adds that the risk of timeshare failure increases with the age of the resort. "Typically, a resort life cycle might show high levels of occupation accompanied by good maintenance and management in the first few years while the scheme is being sold. This is followed by a decline in owner occupation of units and growth in sub-lettings, except in medium- and low-season weeks which cannot be filled.

Though easier to sublet, recoveries for high-season weeks fall because of growth in the subletting supply, coupled with falling standards. An inevitable disinterest, disquiet and a growth in the number of defaulters results. Owners get caught in a vicious circle of rising revenue budget levies and falling potential for subletting."

Ravenhill counters that Sacks's argument is not backed up with examples. Nevertheless, the problems are being faced up to and resolved. "Proof of the pudding is that there are many timeshare resorts more than 10 years old which are operating successfully and haven't become run down. Inherently, the syndication of a capital asset and the sharing of the costs of running it and the benefits provided through ownership of future holidays is well accepted and continues to mature and gain ground in terms of acceptability.

"Furthermore, consumers are becoming better informed, partly thanks to Tisa's information drive and the development of reporting standards."

Ravenhill says that levy costs should rise with inflation. But the timesharers themselves have increasing influence because of the equally increasing number of professional management companies — the likes of Protea, Southern Suns and Renaissance Resorts — competing for timeshare management contracts and supplanting the initial developers. "That gives timesharers greater choice and muscle to ensure that they get value for money," he says.

Whether or not Ravenhill is right, Mykonos, Mabula and other recent troubled schemes indicate that timeshare is still vulnerable internally and externally even though there are many debt free bond free resorts. Would-be investors should investigate thoroughly any resort's books and backing before grabbing a dream that turns into a financial time bomb. ■

TIMESHARE — 2

Making waves

Owners of timeshare units at Club Mykonos on the Cape west coast have taken over the resort's shareblock company to prevent it being dragged down with the Masterbond Trust group.

Masterbond — which went into provisional liquidation last week — was involved in the R100m development as financier, developer and property owner. Among the group's assets are unsold units at the resort worth about R10m; units worth more than R60m have been sold since sales began four years ago.

An interim executive committee to manage the shareblock company was established in Cape Town on Friday. It includes representatives of the Leisure Corporation which, through a subsidiary, Multi Ownership Property Trust, owns 34 units at Mykonos valued at around R15m. Until now, Masterbond effectively controlled the shareblock company. A general meeting of the estimated 16 000 shareholders will be called as soon as possible.

Leisure Corporation chairman Ross van Reenen believes the shareblock company can and will play a key role in determining the future of the resort. A similar committee formed by shareholders of the shareblock companies involved in the Mabula timeshare development in the northern Transvaal were able, after a five-month battle earlier this year, to save it from collapse following the liquidation of the development company.

Leisure Corporation, through its subsidiaries, markets a range of leisure products, including timeshare co-ownership and multi-ownership in 14 resorts around SA, in which it buys units on behalf of investors. The company's investment in Mykonos makes up about 20% of its total.

Leisure Corporation was established earlier this year, after a management buy-out of Masterbond Trust subsidiary Masterleisure, and is completely independent of the companies now in provisional liquidation, says Van Reenen.

He maintains that the Club Mykonos shareblock company is not under threat of liquidation and, contrary to earlier statements by Masterbond executives, the resort will definitely not be closing. He says the shareblock company is also unaffected by an R80m bond over unsold units, still undeveloped at Mykonos.

Nevertheless, Leisure Corporation has appointed an independent liquidator to look after the interests of Mykonos shareholders affected by the provisional liquidation of the Masterbond group.

The joint provisional liquidators of the group have agreed to allow Renaissance Resorts — in which Leisure Corporation has a 50% share — to continue managing Club Mykonos under contract to the shareblock company.

Renaissance MD Rick Lander says the resort is well booked until the end of January and he believes it can continue to operate without any inconvenience to guests, in spite of Masterbond's collapse.

Van Reenen says the shareblock company needs only to finance operating costs of R300 000 to R400 000 a month to keep Mykonos operating normally. Revenue from timeshare levies should cover the amount. He doesn't believe a special levy or increase in levies will be necessary at this stage.

Less certain about the future, thanks to the Masterbond demise, is Marina Martinique near Port Elizabeth. Developer Oswald Buchner, who has already staved off one attempt to have his ambitious resort placed into provisional liquidation, comments: "This is a most embarrassing situation. The Masterbond Trust group has been my financier and has already pumped R65m of an agreed R95m bond into the marina. I now have a claim against it for R30m — funds which will no longer be available to me.

"The result is that I will be strapped for working capital. Fortunately, the project is complete in civil terms, with canals, harbour and services in place. The additional finance was going to be used for a conference centre which is an essential part of the project."

Now he has to find alternative finance to buy out the R65m bond — as well as capital to finance the conference centre.

Buchner stresses that the assets of the marina exceed its liabilities, with the project valued at R95m and liabilities of about R70m. However, cash flow is the critical issue and he has to find sources of working capital immediately. Negotiations with alternative fianciers are in progress ■

GUIDELINES

Old Mutual Properties has bought ATC House, an A-grade 3 700 m² four-storey building at 23 Wellington Road, Parktown, from Momentum Asset Trust.

The deal was negotiated by Wilf Isaacs' Brian Talbot. Though Old Mutual is unwilling to reveal the price paid for the largely tenanted building, it is believed to be in the region of R6,5m to R8m.

Retirement is not on the cards for property industry doyen Wilf Isaacs — even though an offer has been made for his company. Isaacs, who says he's just too young to retire after 56 years in the industry, admits that an offer has been made — but he declines to name who has made the bid, or for how much.

"All I can say at this stage is that part of the deal would involve my staying on as chairman at the request of the buyer," Isaacs says.

His career began in 1935 when he joined JHI, the company founded by his grandfather and stayed with the firm until the Sixties when he formed Wilf Isaacs.

FM 11/10/91

HOTEL — SPLENDOUR IN THE HILLS

(288)

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... over the past few months to put in his pond at home.

It was only when he found bits of his other fish floating on the surface that he realised something was wrong. "I drained the pond and was shocked to find those little fish were Red Piranhas."

Heavy going for hotels

THE hotel toilets have been individually weight-tested and the beds reinforced. The Sumo wrestlers have rumbled into London.

For five days this week, the Royal Albert Hall is hosting the first official Sumo wrestling "basho" held outside Japan in the 1 500-year history of the sport.

The top 40 ranked Rikishi (wrestlers), have been flown in on two Boeing 747 jumbo jets with widened seats and copious supplies of food. Citizen 3/10/91

Their hotel has also had to modify showers, reinforce toilets and order food in bulk for their brief stay. 288

R179 000 ashtray

It's cheers for DGB

S Times (Buss) 13/10/91. (288)

Kersaf, Beck merge their liquor interests

A NEW force backed by JSE heavyweight Kersaf and coal magnate Graham Beck has emerged to challenge tight control in the R1,5-billion a year liquor and wine industry.

Kersaf and Mr Beck's Kangra Group have merged their liquor interests to form Douglas Green Bellingham (DGB), which industry sources believe will have turnover of about R400-million a year.

By IAN SMITH

That may be small beer compared to the giant operations controlled by the Rembrandt group and KWV, with SA Breweries in the background, but the financial muscle of DGB's owners and the huge market exposure through the family links with Sun International must flash warning lights to the industry's current power bloc.

"We are the biggest independent wine and spirit producer outside the Rupert organisation and Gilbeys, in which Rembrandt has a 49% shareholding. We are the only major player in the industry which is truly independent," says DGB managing director Tim Hutchinson.

"There's a great challenge ahead of us and we will give the bigger companies a run for their money. With the Kangra and Kersaf organisations behind us, we can fund any expansion strategy we may decide to pursue."

The way was cleared to merge Kersaf Liquor Holdings with Union Wine when Mr Beck bought Jan Pickard's liquor group for R21-million. Kersaf had spoken to Mr Pickard over the years, but no deal came to fruition.

Kangra and Kersaf each have 50% of DGB, and the management is in Kersaf hands.

Mr Beck's own Madeba estate is not part of the deal.

It makes good sense to bring the two groups together. Union Wine had a big asset base, but the returns were never impressive. Kersaf Liquor Holdings delivered good returns from a much smaller asset base.

The new company has two of SA's three best-selling quality wine ranges in Douglas Green and Bellingham, and it has two market leaders in Culemborg and Heerenhof.

Water

It has acquired top selling local spring water Schoonspruit and it produces top brandy labels Connoisseur and Bastille as well as gin, cane, vodka and liquor brands.

It distributes many top imported brands, like Red Heart rum, Ballantines scotch, Kahlua, Cockburns ports, Remy Martin, Cointreau and Veuve Clicquot Champagne.

The biggest strategic weakness, says Mr Hutchinson, is that the group is not strong in the retail market, where it has 16 Liquor Inn outlets around the country. Ranged against DGB are Distillers Corporation's and SFW's 280 Western Province Cellars and Liquor Town outlets and Gilbeys' 60 Rebel stores.

But there is still much talk in the trade that the government will move against vertical integration in the industry sooner rather than later. This could force producers out of retail operations.

In any event, DBG expects strong support from independent retailers. "The feedback from them has been very favourable," says Mr Hutchinson.

The liquor industry has been through tough times as pressure on discretionary spending has mounted and inflation has pushed up local production costs. At the same time, imported lines have been hit by an import surcharge which started at 60% but is now down to 40%, and by the effect of the low rand.

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Govt, retailers set to clash over liquor changes

GOVERNMENT and the retail liquor industry seem on a collision course over the extent to which the industry should be deregulated.

The Liquor Act was promulgated in 1989 and the proposed Liquor Amendment Act 1992 has been circulated for comment.

The amendments further the free market and deregulation slant initiated by the Liquor Act.

Recommendations contained in the Liquor Amendment Act include:

□ Restaurants can sell liquor without having to serve a meal;
□ Restaurants will be granted licences to sell any kind of liquor;
□ Sale of liquor on public holidays in restaurants will be allowed. Restrictions on the sale of liquor on Sundays without serving meals remains for the time being;
□ Bottle store licences can be freely traded without any time restrictions;
□ Restrictions on licence holders stocking liquor from a minimum number of producers to be withdrawn;
□ The ban on sale of liquor in off-sales in quantities of less than 200ml falls away;
□ Trading hours are to be extended.

These amendments have

THEO BEHRENS

been welcomed by the retail liquor trade, Fedhasa's Chamber of Liquor (Fedcol) and Fedhasa.

But the industry considers government's plan to make liquor licences easier to get as a threat to the existence of the majority of retail liquor outlets and to the rise in the incidence of alcohol abuse by under 18s.

Both sides profess to favour free market principles and support competition.

In a recent interview with Liquor Store Monthly, Trade, Industry and Tourism Minister Org Marais said further deregulation was "not just a question of opening things up".

"The Liquor Act is there to protect people from abuse of alcohol.

"But, at this stage, we are not going to refuse licenses to applicants next door to existing liquor stores.

"We are not going to influence competition."

But the retail liquor industry — 80% of which is small businesses — says some regulation should remain otherwise it could mean the demise of the industry as it exists, resulting in further social abuse of alcohol and loss of jobs.

The industry employs 25 000 people.

Fedcol chairman Len Polivnick says: "This is the most serious crisis the industry has faced."

Fedhasa president Theo Behrens said recently it appeared vested interests had prevented a full inquiry into the liquor industry from being initiated, as the industry had requested.

Polivnick says the prospect of a new SA with criminal and social problems arising from liquor being sold freely from a multitude of outlets must also be considered.

"People invested heavily in the industry in the past because of the protection afforded by licences.

"Now they see their investment going out the window."

The proposed liberalisation of laws controlling the sale and distribution of liquor has generally been welcomed.

Self-catering is coming of age

THE self-catering industry, which in South Africa has a sleeping capacity of 350 000, provides a vital contribution to the hospitality industry.

Fedhasa self-catering committee chairman Wynand Pretorius says a growing number of people are opting for self-catering holidays, many because such holidays are "ideal for children".

The demand for affordable accommodation is growing every year and while hotels have to make large investments to provide facilities, self-catering establishments can afford to set up less capital intensive projects available to the public at reasonable prices, he says.

"For the family man, it is an excellent way of ensuring he can provide his family with the pleasures of time away in relaxing and surroundings."

The Fedhasa self-catering committee is expanding its membership.

The Parks Board is an allied member, with the Kruger Park visitor services manger Piet du Plessis and inland and coastal visitors services general manager Mike Boshoff serving on the committee.

Pretorius says, however, that while there will always be a demand for the facilities hotels offer, "the self-catering sector is complementary to hotels, with both sectors having a specific role to play".

Government has to be conviced on tourism

RECENTLY appointed Fedhasa executive director Peter Hearfield says his biggest challenge is convincing government of the importance of tourism.

"Government needs to understand the opportunities tourism can bring in the form of employment and labour and as a means of creating goodwill," he says.

He is a strong supporter of the principles contained in a document formulated by Satour and the Development Bank of SA in which the strategic plan for SA's future tourism policy is outlined.

"Fedhasa has been involved at every stage of the development of this document," he says.

"The diverse goals of the hospitality industry need to be co-ordinated so that, for example, when the lobby on the relaxation of certain outmoded laws begins it is considered against a tourism background and not in isolation."

A Scot by birth, Hearfield trained in the traditional way — tending the kitchen and behind the desks.

His management career started with Trusthouse Forte, where he was employed for seven years before moving to Rio Stakis, the UK's fifth largest leisure group.

It was from Rio Stakis, as director of operations, that he caught SA hotelier Sol Kerzner's eye.

He joined Southern Sun as group GM responsible for operations, sales and marketing.

In 1982, he joined Holiday Inn in the Cape, eventually becoming CE and, in 1989, group executive director of Southern Sun Holdings.

In the past few years, Hearfield has played a prominent role on Fedhasa's hotel operations committee and contributed significantly to the formation of its aims.

In his position as executive director of Fedhasa, Hearfield says he will continue to lobby on thorny issues which affect the lives of consumers.

Different name to reflect growing area of interests

THE Federated Hotel, Liquor and Catering Association of SA (Fedhasa) has formally changed its name to Federated Hospitality Association to better reflect the large number of interests it includes.

The organisation embraces everything in the hospitality industry, from hotels and retail liquor distributors to the tourist and restaurant industry, self-catering establishments and even industrial caterers.

Generate

Some 3 000 Fedhasa members employing more than 100 000 people throughout the country and the tourism/hospitality industry generate around R5bn every year, second only to mining.

The basis of a successful hospitality industry are systems and services consistent with international standards and Fedhasa plays an essential role through its involvement in training.

Fedhasa's lobbying capacity allows it to deal with the highest levels of government to ensure its members' interests and concerns are considered.

Gambling

One such example is the government White Paper on tourism being compiled.

It will contain many recommendations from Fedhasa on matters ranging from better road signage to the industry's viewpoint on legalising gambling and allowing international charter operations to fly into SA.

The industry provides a vital service, making large-scale tourism possible, providing a hospitality infrastructure and setting standards for all to enjoy.

It has been at the cutting edge of improving race relations and Fedhasa has long campaigned for the opening up of facilities like restaurants and hotels.

Fedhasa can be said to have a multi-faceted and indispensible role in SA and one that will grow in importance in future.

A chance to create real wealth

THE hospitality industry can unlock the economic and political gates for South Africa, says Fedhasa vice-president Henry Schoonwinkel.

Members of the industry must take a global view and learn from past mistakes in order to realise full potential.

"While there are plenty

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there are also many dangers," Schoonwinkel says.

The greatest of these is that if efforts to get the economy moving fail in the short term, the reform process will suffer.

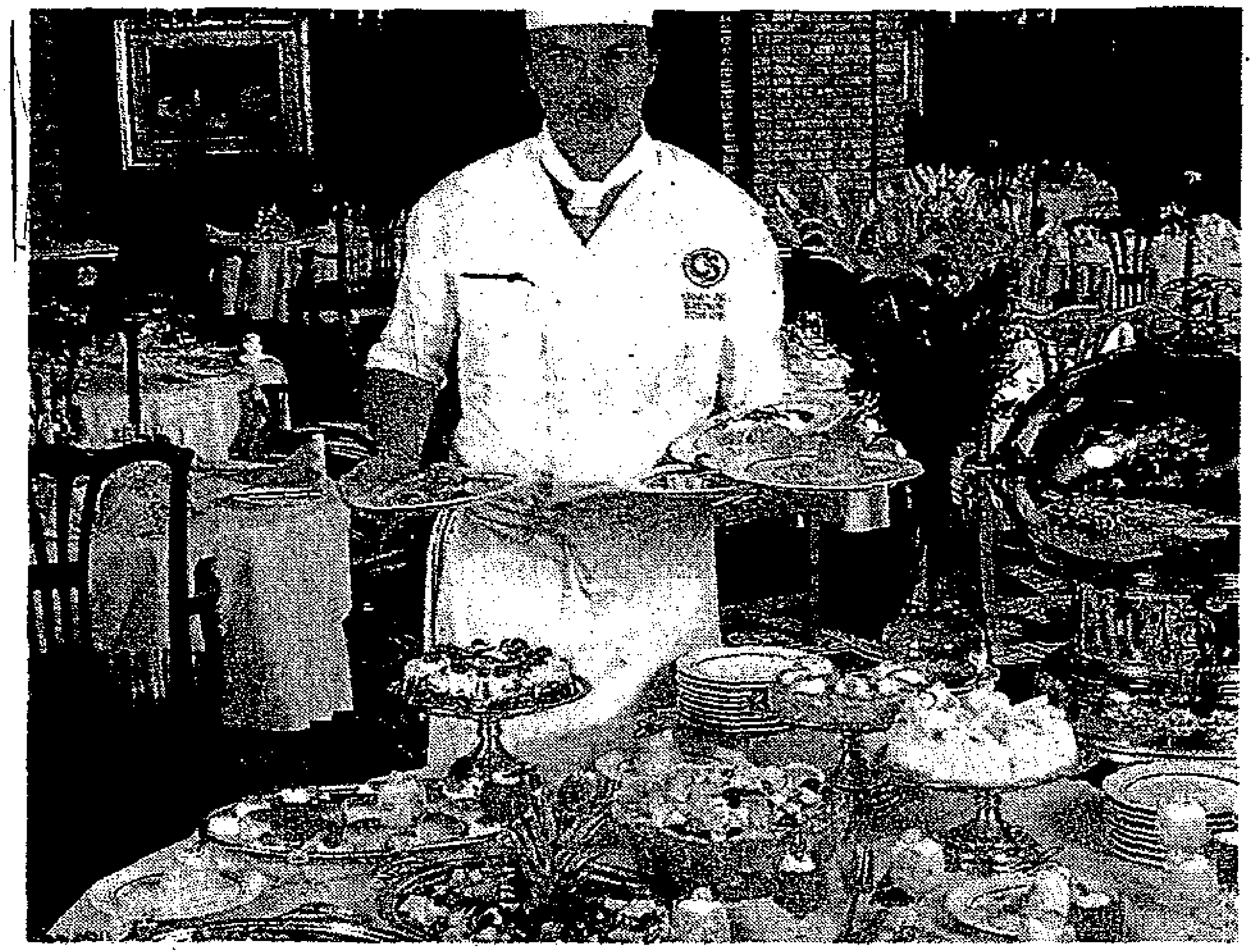
Tourism could be the golden goose for SA.

"Satour and the airline sector must generate tourism traffic through meaningful marketing programmes to maximise the usage of tourist facilities," he says.

"But at the grassroots levels, the public and private sectors have a responsibility to foster tourism and a tourism culture, as well as a hospitality ethic."

Business Day SURVEY

Tourism and the hospitality industry generate around R5b every year, second only to mining. The Federated Hospitality Association of SA (Fedhasa) has 3 000 members. But 75% of the industry's income derives from business related travel, and with the sharp drop in "business business", many one-star hotels are fighting for survival. ***MANDY JEAN WOODS*** *reports.*



Food and beverage services may have to be cut if hotels are to survive in the long term.

Hoteliers will have to rethink the services they offer

HOTELIERS must restructure their operations if they are to survive, says Fedhasa hotel operations committee chairman Bruno Corte.

"A few facts support this: the cost of building has become exorbitant; hotels are considered expensive accommodation for the domestic market; and more than 40% of hotels' revenuesare being eaten up by labour costs, even though staff are only getting reasonable wages," he says.

"People are looking for value for money. They have become more cost conscious and look for hotels which are conveniently located, offer quality accommodation, good security and fewer services at an affordable price."

The only option for hoteliers is not to retrench staff but to rethink the services offered.

"One example of this is the City Lodge concept, where quality accommodation without lots of extras is offered, and it is extremely successful," Corte says.

Hotels should also look at getting out of the restaurant business.

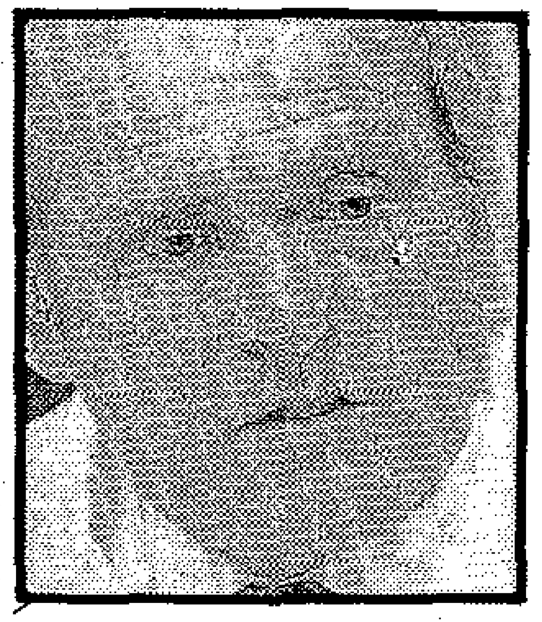
"If one considers 80% of room income is clear profit while the restaurant and bar services either break even or make a tiny profit, it is obvious what is dragging hotels into unprofitability."

Hotels should concentrate on doing what they do best — selling rooms.

Another issue which hotels have to come to grips with is the changing nature of the market.

Corte says in order for hotels to survive they have to recognise and pander to the needs of the emerging black market.

"Hotels are quick to find out what foreign visitors want in terms of food, service and location.



BRUNO CORTE

"But few hotels have done research to find out what the black market prefers.

"We need to welcome them in the same manner as other guests. They should, for example, enjoy the same credit privileges," he says.

While black trade is difficult to quantify in future, it could represent up to 40% of hotels' overall business.

"It is a hard market to crack and we have to wait for the numbers of affluent blacks to increase.

"Hotels must realise their market is changing from the minority affluent white to the mass, less affluent black market."

More rooms needed to meet tourist inflow

SOUTH Africa needs more hotels, says Fedhasa hotel operations committee chairman Bruno Corte.

"We can increase the number of hotels without flooding the market.

"Hotels will need to be lean, competitive operations and there will be a shakeout in the industry, with only the strong surviving," he says.

Hotels will have to operate on tighter margins and survive competition if, as signs indicate, foreign hoteliers move in.

Corte says he does not believe the school of thought that insists there are sufficient hotel rooms to accommodate tourism needs.

"One must consider the international market.

"When foreign tourists come to SA they want to see Cape Town, and if they can't get accommodation there, they will either put off their trip or cancel it.

"Foreign travellers come to SA primarily from November to March — coinciding with SA's peak December-January season — and hotels, particularly in coastal areas, are stretched.

"Our challenge is to meet the accommodation needs of the peak periods and fill hotels in the off-peak periods."

Fall in occupancy levels heralds a fight for surival

HOTEL occupancy dropped to crisis levels in the six months to June, putting one-star hotels in a desperate fight for survival, says Fedhasa executive director Peter Hearfield.

The majority of hotels in SA are one star which, in the year to June, recorded occupancies of 37,5%, a critical level considering average room rates hover around R47,06 a night.

Five-star hotels saw occupancies drop by 15,4% to average just under 53% on a national basis, underlining the far reaching effects of the recession.

Occupancies for the six months to June 1991 averaged 49%, while it was 56% for the same period last year, says Fedhasa Hotel Operations committee chairman Bruno Corte.

Hotel occupancies have steadily declined since 1984.

Hotel incomes have improved, but barely in line with inflation and were not enough to off-set the fall in occupancies with a break-even point for many of the newer hotels being around 60%.

Threshold

Therefore, technically, many hotels are making a loss, says Hearfield.

"Perhaps with low gearing some hotels could break even at 50%, but then there would be no return on investment and no money to set aside for capital improvements," he says.

"Older hotels have written off the great part of their investments so their break-even point is at a lower threshold than the newer hotels.

"The catch is that the older establishments need to refurbish to maintain standards and this aspect will suffer," he says.

As a result, serious, even irreparable, damage may have already been done to sectors of the industry.

The hard times have been caused in part by a drop in "business business" — travelling businessmen, salesmen, conferences and so on.

Hearfield says: "The leisure market comprises around 25% of the industry's income.

The major portion — 75% — is business-related, which is the industry's bread and butter."

But hotels have learned to get "lean and mean".

"They have become more cost conscious, have learned the value of marketing and become innovative in putting package deals together, among other things, in order to survive," Hearfield says.

Corte says the industry should not try to cushion blows with grants and tax breaks.

Scenario

"Government can only try to create the correct economic and political scenario.

"It cannot play a direct role.

"The industry doesn't need that, anyway. It has to become profitable because business projects are viable, not because tax breaks and grants allow it to make a profit.

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Drive to discourage teen drinking

THE liquor and hospitality industries have joined forces in a programme to discourage people below the age of 18 from illegally purchasing and consuming liquor.

The Age-Watch campaign is sponsored by the Social Aspects of Alcohol Committee (SAAC), representing the major producers and suppliers in the SA liquor industry and Fedhasa, representing the large proportion of the on and off-sales liquor retail outlets.

SAAC director Gary May says Age-Watch will concentrate on the urban areas and holiday resorts where young people participate in leisure time activities which expose them to liquor.

Enforce

"SAAC has provided notices to be placed in participating outlets and Fedhasa has asked its members to ensure their employees are trained to spot under-age consumers and to enforce the law prohibiting sales of alcohol to people under the age of 18," he says.

"During the next few months, many young people will be celebrating the end of their school years.

"This is a dangerous time as inexperienced drinkers, who are also inexperienced drivers, provide transport for friends to and from parties."

Executive director Peter Hearfield says Fedhasa has developed a code of conduct which focuses on responsible trade practices to prevent abuse of alcohol.

"It is in the long-term interest of the trade to act responsibly," he says.

May says the Age-Watch campaign is part of the SAAC strategy to prevent abuse of alcohol and encourage responsible consumption.

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"More than anything, hotels need a stable environment in which to operate," he says.

But in the short term, the impact of the abysmal figures for the first part of this year could perhaps be reversed if results for the second half of the year — traditionally the better trading months — show a marked improvement.

Hearfield says prospects for this are looking good.

According to Satour, there are 10 five-star hotels in SA, 27 four-star, 149 three-star and 303 two-star hotels.

Making up the majority of hotel-type accommodation are the 787 one-star hotels.

Last year, Satour graded 94 new hotels, conducted 1 546 routine inspections and investigated 287 complaints.

...scourage teen drinking

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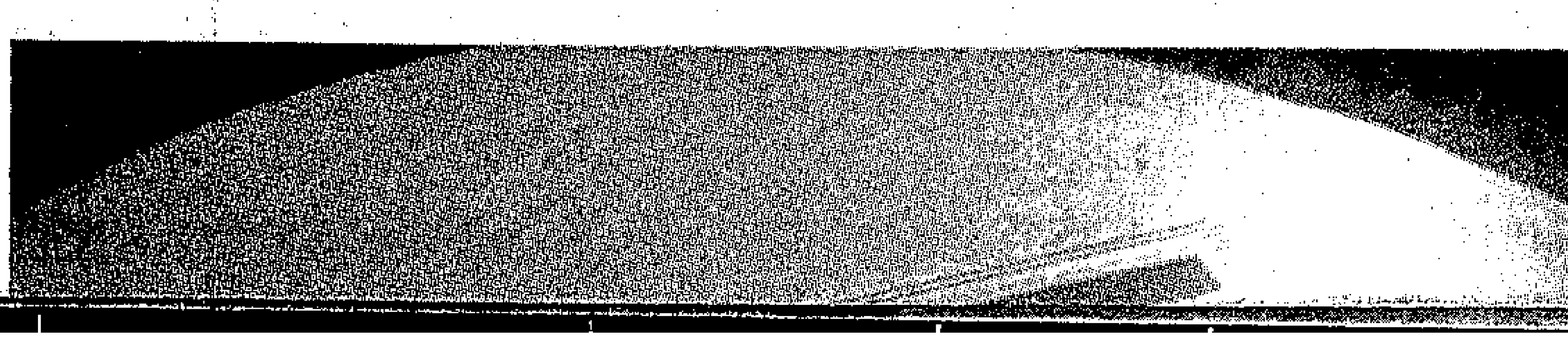


Moving the bricks and mortar of apartheid

(288) ~~287~~

Employers are rushing to unify eating places, move kitchens and serveries, redesign, refurbish — anything — to make the past go away. But slapping people together into one big cosmopolitan canteen is not really on the menu.

The pillars of apartheid may be gone, but moving the bricks and mortar requires a different kind of ingenuity, and South African interior designers are being asked to walk through walls to achieve it.

Of all the little relics of separation that still stand in many office blocks, one of the most embarassing is different canteens for "weekly paid" and "monthly paid" staff. Star 15/10/91.

Employers are now rushing to unify eating places, move kitchens and serveries, redesign, refurbish — anything — to make the past go away. But slapping people together into one cosmopolitan canteen is not really on the menu, says interior designer Tony Geyve.

There have to be options to satisfy different tastes. Variety can lend itself to creative expression without cultural bias, he says.

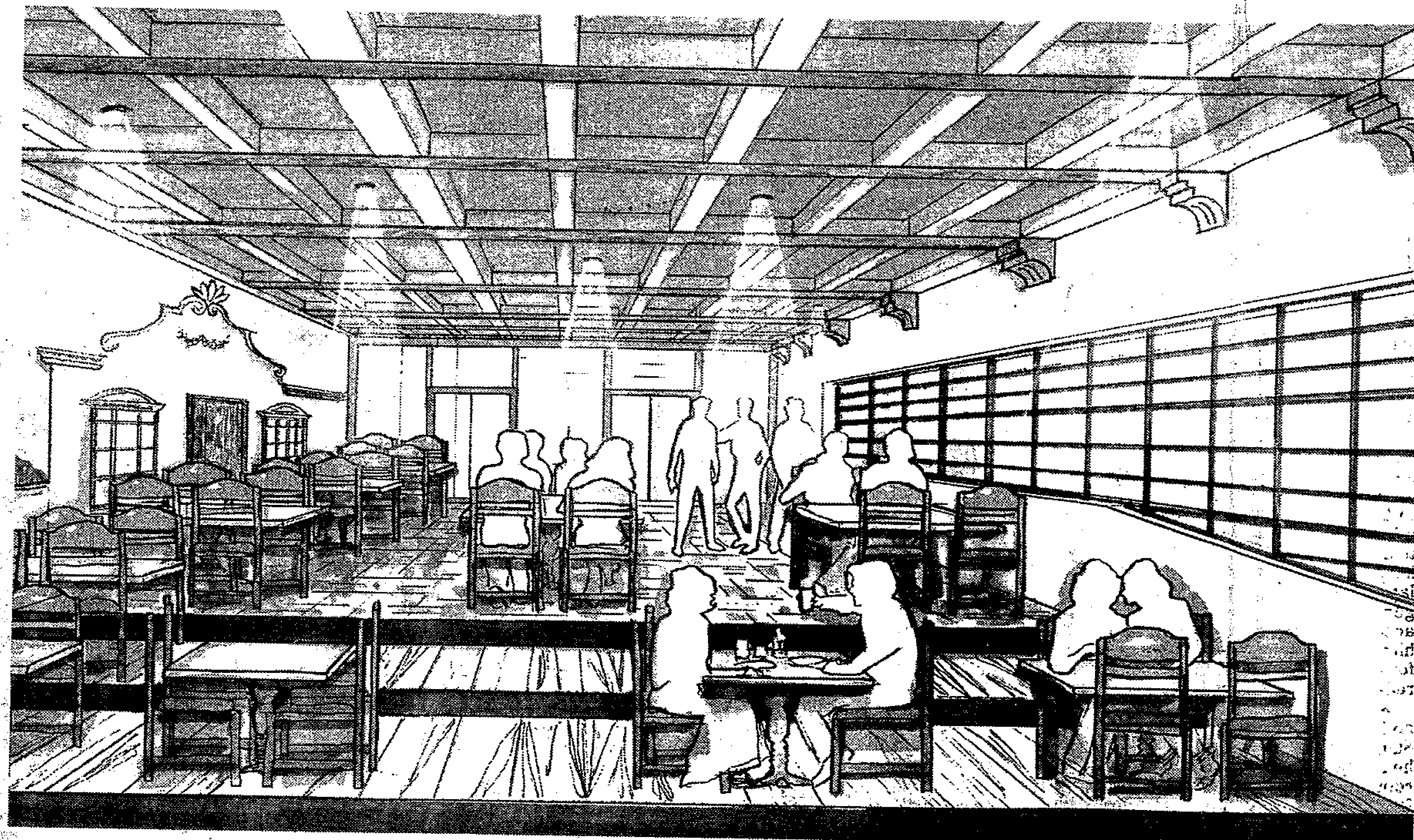
Mr Geyve has been solving the problem by subtly differentiating theme areas within a canteen, using balustrading, split levels, colour combinations and floor pattern detail.

The idea, he says, is that people can group themselves by job description or any other characteristic and that this happens naturally without any suggestion of inequality or hierarchy.

For SAB, at its Rosslyn Brewery, Mr Greyve used a timber trellis to partition different seating areas. Two similar but varied tile patterns were used to distinguish areas of the restaurant.

At the Pretoria Technikon a huge white-walled student canteen was broken up into eight different theme areas — including Hawaian, Cape Dutch and High Tech — to suit different kinds of students.

ADAM GORDON



Eating their words . . . employers are looking towards unified staff canteens with subtle design features.

y new ball game

Samancor's Gilbertson ... *responsible marketing strategy*

city of 1 Mt. "It'll take a few quarters of trading under the new structure before they accept that we intend taking a responsible marketing strategy," he says.

Smith adds that negotiations for fourth-quarter delivery are still under way with so far only one customer, based in the US, accepting the new price level.

On stainless steel, the MSA deal makes Samancor's Columbus joint venture with Highveld a virtual certainty, but means another six-month delay because of the need to reasess it, given that the partners now control an operating stainless steel mill.

Initial estimates are the cost could be cut by between R500m-R1bn from the previous forecast of up to R3,5bn. Highveld/Samancor have acquired personnel with both technical and marketing expertise and it appears the Columbus expansion will be phased in more gradually. Production is now not expected to start before 1995.

The share price has surged, hitting a 12-month high of R32,25 from R27,75 at the time the MSA acquisition was announced, before dipping to current levels around R30. That appears expensive considering the short-term profit outlook, but the price is being strongly supported by investors looking at growth prospects to be realised several years down the road. *Brendan Ryan*

SUN BOP FM 18|10|91 (288)

Financing the Lost City

Margins were hit by higher wages and a decline in hotel occupancy by three percentage points to 77%, yet earnings continued to

FM 18|10|91

Activities: *Operates ten casino resort hotels in Bophuthatswana.* (288)

Control: *Sun Bop Holdings 81%. Safren has ultimate control.*

Chairman: *S Kerzner; MD: P H Wagner.*

Capital structure: *108m ords. Market capitalisation: R3,3bn.*

Share market: *Price: 3 050c. Yields: 4,3% on dividend; 5,8% on earnings; p:e ratio, 17,2; cover, 1,3. 12-month high, 3 650c; low, 1 625c. Trading volume last quarter, 703 000 shares.*

Year to June 30	'88	'89	'90	'91
ST debt (Rm)	7,8	7,8	0,01	9,0
LT debt (Rm)	49,8	44,0	30,0	57,8
Debt:equity ratio	—	—	—	—
Shareholders' interest	0,59	0,55	0,57	0,59
Int & leasing cover	12,5	25,3	n/a	n/a
Return on cap (%)	19,8	23,5	24,2	22,4
Turnover (Rm)	348	499	627	772
Pre-int profit (Rm)	102	159	190	230
Pre-int margin (%)	29,3	31,9	30,4	29,7
Earnings (c)	63,3	105,6	145,2	176,9
Dividends (c)	47	78,5	108	132
Long-term (Rm)	252	317	392	552

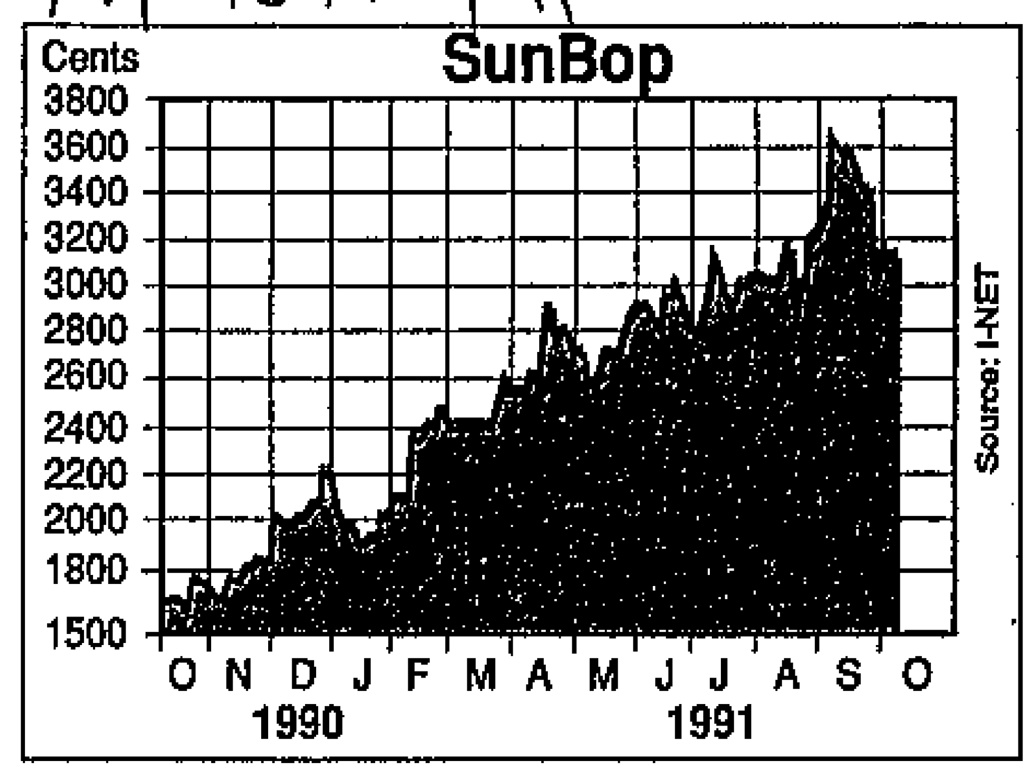
increase well above inflation. Chairman Sol Kerzner says the hotel industry has been hit by the poor local economy but the future of regional tourism is promising, as SA regains international acceptability. He says Sun Bop is particularly well placed to benefit from an increase in overseas tourists, with its blend of gaming and entertainment.

Sun Bop will open its most ambitious development apart from Sun City itself next month: the Carousel, at Babalegi. Devoted primarily to day trippers, it promises to be a strong cash generator for the second half of this year. It will take some business away from Morula Sun, as it is significantly larger

Sun Bop's Rosevear ... *cash from the Carousel*

COMPANIES (288)

FM 18|10|91



and closer to the PWV market, but Sun Bop believes it can expand the total gaming market.

During the year, Mmabatho Sun, which has relatively little day business and caters to a much more select niche, was bought from Bop National Development Corp for R21m and refurbished at a cost of R19m.

Because of the Carousel and the Lost City at Sun City, which opens a year later, Sun Bop's cash pool, which peaked at more than R220m in June 1990, fell to R84m at year-end and the group expects to have net borrowings this year. Interest received fell from R38m to R27m and will be negative this year. A further R200m will be borrowed but at least 60% of the R500m capital expenditure for the year will be funded by cash flow. Dividend cover has been maintained at 1,3.

No rights issue is planned, because of strong cash flow, but shareholders were given the option to take shares instead of the final dividend; almost 99% did. About 3m new shares will be issued, but deputy chairman Ken Rosevear says there will be no dilution of EPS, thanks to interest savings from the R82m raised in equity.

Sun Bop looks fully priced on a p:e of 17,2, but its dividend yield of 4,3% seems realistic. There is a political risk, as reincorporation of Bophuthatswana into SA, which looks inevitable, could affect its licences. The proliferation of grey market gambling clubs must also have an impact. On the other hand, Sun Bop has built up a chain of resorts which offer a lot more than gaming and will remain important tourist draws.

Sun Bop has shed about R5 from its peak earlier this year and will offer value if it falls a few rand further. At present prices, it is a medium-term buy. *Stephen Cranston*

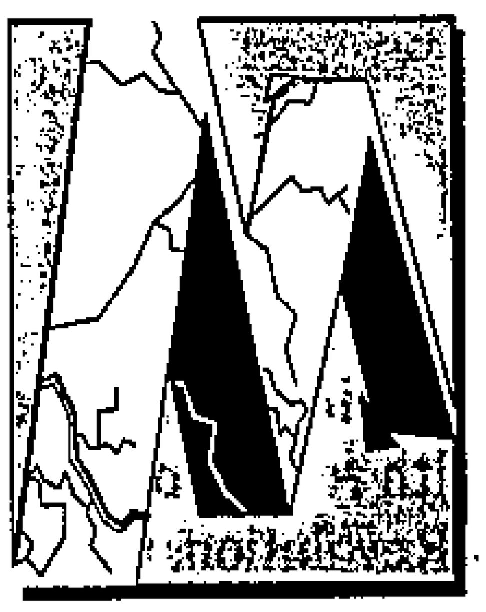
Continue →

288 FM 18/10/91

THE MASTERBOND MESS

Into the deep blue sea

Responsibility is being evaded even as the effects ripple out



The collapse of Masterbond Trust (MBT) has shaken the investment community and will take months to unravel. Heated debate has arisen over what happened — and why. Are the directors personally liable? And what of the role of professionals such as attorneys and others involved on the selling side of the whole business?

The ramifications of the debacle are spreading.

MBT was formed in 1984 as a participation bond company — but it had a clear intention of casting its net far wider than that. A rapid decline in investor confidence stopped the flow of funds essential to the group's momentum and it came down like a house of cards. Now those involved in the management of the interlocking schemes are looking for a scapegoat.

MBT chairman Koos Jonker blames the Deposit-Taking Institutions (DTI) Act, which outlaws (with obvious reason) the very core of Masterbond Trust's business — short-term debentures. But there are also other reasons for the disaster.

The failed merger with Pretoria Bank (*Economy* July 5) and an outcry at attempts to increase levies for unit-owners at the group's Club Mykonos resort, near Langebaan, undermined investor confidence. Inept management and serious miscalculation of the leisure property market appears to have played a significant role in this.

The result has been the provisional liquidation of six MBT companies — five involved in the development of Mykonos. Applications for the liquidation of Marina Martinique at Jeffreys Bay, for which MBT provides development finance, and for the group's holding company, Masterbond Trust Investment Holdings, have been postponed until later this month.

MBT's partbond operation — in terms of the Participation Bond Act — appears to be unaffected and is being administered for the moment by the Board of Executors.

At risk are about 12 000 investors who pumped R420m into short-term debentures — more than 56% of the R740m under MBT's administration.

Government has appointed a committee of experts under Finance Minister Barend du Plessis' special adviser Japie Jacobs to assist the liquidators. While the committee's main aim is to protect the interests of investors, Jacobs will hold talks with the provisional liquidators of the six affected companies next Tuesday. Jacobs stresses that a bale-out is not intended and there is no intention to pump State funds into MBT.

The group went under mainly because it could no longer attract sufficient funds to facilitate the issue of short-term debentures by property-owning companies needing development capital. The debentures were issued for 6-60 months with interest paid monthly. Bonds were registered in favour of MBT subsidiary Masterbond Participation Bond Trust Managers, which also acted as trustee for short-term debenture holders and managed the schemes.

Among the main borrowers were companies controlled by MBT directors or in which they had a substantial share. At least R175m went into Mykonos and Marina Martinique, according to court documents, but the figure could be far higher.

The group dominated the short-term debenture market, offering good interest rates, advertising aggressively and selling services through IPC brokers, a nationwide network of 30 independent financial services brokers closely linked to MBT.

But it was always controversial. Short-term debentures operated in a "grey" area under the Companies Act; and the leisure property market where its main borrowers were active was high-risk indeed.

About five years ago, MBT was investigated by the office of the then Registrar of Financial Institutions and a report was forwarded to the Cape Attorney-General who was apparently asked to assess the legality of some of its practices. No action was taken, though Jonker says the issues referred to the Attorney-General were "technicalities" and the group complied with suggested changes.

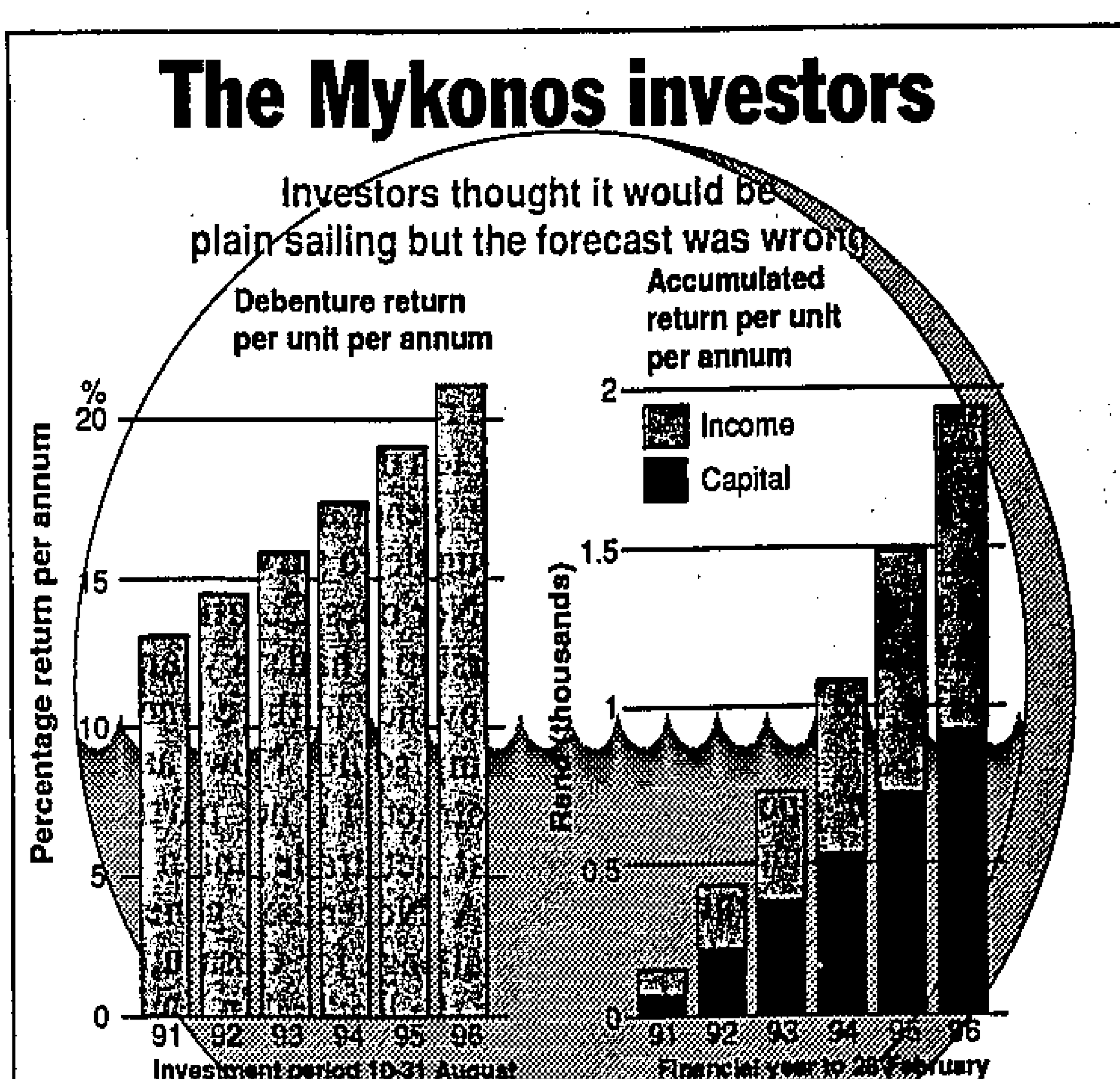
In general, there are two views of MBT:

☐ That it was an innovative company that exploited a market gap for short-term debentures, but ran foul of a bad press because of inept public relations, bureaucrats determined to either regulate the company or close it down and an unexpectedly long recession; or

☐ That Masterbond Trust is a morally questionable operation run by incompetent managers who nevertheless attracted huge investments and used them to finance high-risk developments by subsidiary companies. They did not adequately explain the risks to investors who were often unsophisticated.

Naturally, Jonker holds the first view. He and group MD Johann Brits took the partbond industry by storm seven years ago and considered themselves market leaders (see *People*). But then, three years ago, they were warned of pending deposit-taking legislation and advised to merge with a bank. Jonker says that, at about that time, DTI Registrar Hennie van Greuning investigated MBT's debenture operation and had no objection to it — but then the DTI Act removed the platform on which the group did business.

In July, Jacobs, as deputy chairman of the Financial Services Board (FSB), told Jonker the board believed it was risky for banks to be too exposed in the property development market. Jonker says the board also refused to sanction the rationalisation of the balance sheets of Pretoria Bank, Spectravest and Finanzhaus — two MBT subsidiaries that financed the sale of leisure products, mainly timeshare, at Club Mykonos and Park Avenue Hotel in Cape Town.



Restating a ruling

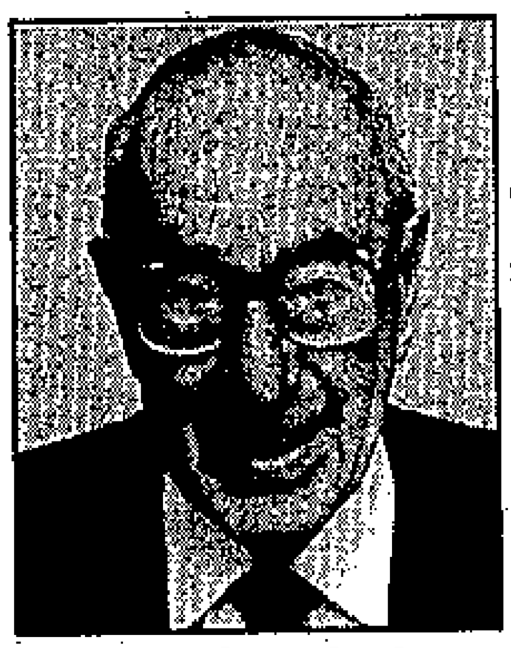
Jacobs told Jonker that the FSB's view was that banks and building societies could provide short-term bond finance, but this was risky and should not comprise a significant share of the institution's total book. Jacobs confirms this, but says he was merely restating a ruling already made by the Registrar of DTI. It was not a board function to make such decisions.

Earlier, however, the authorities had agreed to MBT selling its

JOEL MERVIS

History in the making

(288) FM 18/10/91.



Joel Mervis, former editor of the Sunday Times, was recently commissioned by Three Cities Hotels to explore some historical events that link contemporary South African history with Johannesburg's famous Carlton Hotel.

If coincidence helps enliven history, The Carlton Hotel and the Sunday Times have made their contribution. Both opened for business in February 1906. Eighty-five years on, each occupies a position of pre-eminence in its field.

In its first issue in 1906, the Sunday Times gave a rapturous welcome to the "new wonder hotel". Editor George Herbert Kingswell wanted to make an impression with the maiden appearance of the Sunday Times. Eager to get good stories, he certainly found one in the Carlton Hotel.

Kingswell spent a day at the hotel, wrote the report, and gave it splash treatment. Here, in part, is what he wrote: "It isn't really a hotel . . . it's a miniature city in so far as it contains within its four walls the whole of those comforts to which the luxury-loving modern aspires."

The astonishing feature of The Carlton was the ambitious nature of the project. In London, New York, or Paris, at the time, it would have attracted attention. In the rough, crude mining camp that was Johannesburg its impact was stupendous, hardly less than if the Taj Mahal or Buckingham Palace were suddenly dumped into Eloff Street.

This gives point to the extraordinary vision of Barney Barnato, who conceived the project in 1895, when Johannesburg was not ten years old. His death at sea, and the SA War of 1899-1902, delayed the venture; but it was steadfastly promoted by Barnato's nephew SB "Solly" Joel.

With the long arm of coincidence still at work, the link between Sunday Times editor Kingswell and the opening of The Carlton in 1906 is of more than superficial interest to me. Only four editors stand between Kingswell and me in the line of succession of the Sunday Times: Lewis Rose MacLeod, J Langley Levy, EB Dawson and NAG Caley. In a manner of speaking you might say I'm almost within touching distance of Kingswell.

Kingswell attended the birth of the old Carlton. I would help to forge a new link between the Sunday Times and the new Carlton. It came about this way.

In the sixties the Sunday Times organised an annual award to the Top Hundred Companies of SA. It became a prestige event, and we realised that by far the most suitable venue would be The Carlton Hotel. Accordingly, in 1973, we invited the newly established Carlton to organise the Top Hundred annual banquet which it has continued to do with success ever since.

The banquet certainly enables The Carlton to demonstrate over and over again, that the setting, decor, atmosphere and social glamour gives it the éclat and the stamp of what is popularly called "class".

Sixty years separate the building of the old Carlton from the new, and the new Carlton symbolises the spectacular growth of Johannesburg, and SA, as it moved from the African outback into a sophisticated, First World industrialised power. This contrast is well illustrated by the way the two Carltons organised initial needs for staff and equipment.

In a nutshell, the old Carlton had virtually to import the lot. Hero of the operation in 1906 was Louis Morelle, who in due course settled in Johannesburg and became a well-known citizen. Born in Italy, he switched from studying to be an engineer to a hotel training school in Switzerland. In 1900 he went to London, joined the original Carlton, and in 1902 was sent to open the famous Taj Mahal hotel in Bombay. Then to St Petersburg to launch the Hotel Continental, and from there to New York to open the new Ritz-Carlton of Fifth Avenue. His return to London in 1905 "for a quiet Christmas" was cut short by an assignment to launch The Carlton in Johannesburg.

A rare shot *of Barnato (sitting) and Joel (standing) together*

The logistics were staggering. Most of what Morelle needed he had to take with him from Britain, and for that purpose his company hired the 5 152 ton Cluny Castle. The entire staff for The Carlton, 128 men and 58 women, were recruited in London, including chef Jules Arnaud, engaged from the Hyde Park Hotel for the "record-breaking" salary of £150 a month.

From the start The Carlton was recognised as Johannesburg's dominant hotel. It became the town's social centre and meeting place on all manner of occasions, including a potentially dangerous moment during the Miner's Strike of 1913. This was when Prime Minister Louis Botha, and Jan Smuts, Minister of Defence, reached a settlement with the strike's leaders against a violent backdrop of shooting and arson which left many dead and wounded.

The Carlton Hotel *after it had been raised to 9 stories in 1936*

Actors from overseas, including many of London's stage stars, stayed at the Carlton, as did leading politicians and businessmen from all over the world. In 1947 King George VI, Queen Elizabeth and their daughters Princess Elizabeth and Princess Margaret were guests at The Carlton, which reserved the whole fifth floor for the Royal entourage.

In 1952 The Carlton was bought by American theatre, cinema and insurance mogul IW Schlesinger. Through the 50's it retained its position as the social hub of the city, but the booming Johannesburg was not good for The Carlton. Soaring property prices and the relatively small profit made by the hotel was disproportionate to the potential yield from a multi-storey city commercial office block.

In 1962 The Carlton was purchased by the African Life Assurance Company for R3,2m, to be knocked down and replaced by a 20-storey office building. This surely marked the end of an elegant, spacious, comfortable hotel, for half-a-century the centre of the city, and often the sife of historic events. And yet, to paraphrase a well known saying, "The Carlton is dead. Long live The Carlton."

MYKONOS

West coast time warp

FM 18/10/91

(288)

Owners of about 200 residential units at Club Mykonos may lose their property because a 99-year lease between the land-owning company and the shareblock company was never registered.

Another group of buyers of 66 units in Apollonia — a separate portion of land within the development north of Cape Town — are even more vulnerable. The land on which their units are built was never subject to a lease and though they apparently believed they were buying shares in a shareblock company, it was never established.

Yet another group of units — Paradise Rocks — was subject to the 99-year lease but no additional share capital was authorised when the units were sold, so owners are not shareholders in the shareblock company.

A sectional title register for units in Apollonia had been opened and purchasers had been notified to sign necessary documents. An application for a sectional title register for Paradise Rocks is pending.

A registered 99-year lease would have given owners security in spite of the collapse of Masterbond Trust (MBT). The registered lease would have ranked above the demands of the leasor's creditors; without it owners could find their units being sold from beneath them.

MBT chairman Koos Jonker confirms that the 99-year lease agreement between the property-owning company, Club Mykonos Langebaan (CML) — now in provisional liquidation — and the shareblock company, Club Mykonos Langebaan Shareblock (CMLS), was never registered.

He's not sure why but believes it was due to what he calls technical reasons, including continuous negotiations with Portnet to buy a piece of State land which was to have been included in the lease. He says that as far as he knows buyers were never told there was a registered 99-year lease over the property.

Property market sources say that if this is so, it is amazing that people were prepared to spend upwards of R600 000 for tenure of only 10 years at best, and very little security if the property-owning company went bust — as it has done.

They also point out that in terms of law, to indicate that there is a long-term lease over a property means it must be registered to be enforceable.

Another source says buyers in the Apollonia section of Mykonos (not covered by a lease or shareblock company) were under the impression that they were buying shares in a shareblock company. They may now have no legal standing and their units could simply be regarded as assets of CML.

According to court papers filed by MBT MD Johann Brits, a bond of R127m is registered over CML's property of which R78,2m has been utilised. But Jonker says he "knows for a fact" that some portions of the land have been released from the bond. "I don't think anyone can argue that the bond applies to land where the units have been built."

It is understood that a portion of Apollonia has been released from the bond but, without a lease or a shareblock company to manage it, it remains part of CML's assets.

Deeds Office records show that the value of bonds registered over the Mykonos land is substantially higher than the figures claimed by Brits and Jonker. However, Brits said that while bonds to a higher amount had been registered, funds had not been raised against the total value.

At least four bonds were registered after the 99-year lease was executed even though the lease agreement stipulates that no further bonds could be registered without approval of the shareblock company shareholders, which was not obtained.

Jonker denies emphatically that the lease was deliberately not registered so that the land could continue to be used as security to raise loans, which would not have been possible had there been a registered 99-year lease.

According to a legal source, an unregistered 99-year lease is in effect nothing more than a 10-year lease under common law — and there is a possibility that it may be unilaterally cancelled by the liquidator in order to dispose of CML's assets.

A similar situation involving the ill-fated Halyards Hotel at Port Alfred has been taken to the Supreme Court for a decision after the liquidator — in terms of the Insolvency Act — auctioned the property twice, once with the lease and once without it, and was offered a far higher price without the lease (*Property* July 19 and August 2).

If a similar course is followed at Mykonos, and the development is sold without the lease, purchasers could lose their units.

Brits said shareholders were notified of the nature of the lease in their accounts.

It is understood that efforts are being made to convince the joint liquidators to allow the 99-year lease to be registered — but this may prejudice debenture holders in favour of unit owners.

It has also been alleged that the affairs of the shareblock company were in a mess and that very few of the purchasers had received their share certificates.

The biggest losers if the liquidators decide to sell the property without the lease could be Leisure Corp (LC) which, through its subsidiary, Multi Ownership Property Trust, owns 34 units at Mykonos. Last week LC took interim control of the shareblock company in an effort to protect the owners' interests. ■

288 ARG 19/10/91

Lifting of 'people' sanctions welcomed

LIBBY PEACOCK
Weekend Argus Reporter

LIFTING of "people-to-people" sanctions by the Commonwealth has been welcomed by spokesmen for tourism, education and the arts.

People-to-people sanctions which could disappear almost immediately affect air links, tourism, cultural exchanges, sporting and educational exchanges.

South African Airways spokesman Miss Janie van Vuuren said the only air links that would be drastically influenced by the lifting of sanctions would be those with the United States and Australia, where SAA was still refused landing rights.

SAA already had a very extensive and popular route network in Africa and flew to 13 African destinations.

If other African countries asked for landing rights, SAA would definitely consider the request.

"I don't want to jump the gun, because we first have to receive official notice from the Australians and Americans, but we are very enthusiastic and welcome the lifting of people-to-people sanctions. We are waiting."

SAA has been preparing for the lifting of sanctions for quite a while and renewed links with Australia and New York had tremendous potential for business and tourism.

Stellenbosch University spokesman Mr Douglas Davis said the lifting of people-to-people sanctions was "tremendous news" and "overseas academics of high calibre" had already expressed an interest in visiting South Africa.

"The change of climate is already there and academics are already raring to go overseas."

Sanctions caused academic exchange to stagnate and their lifting would "add further impetus to the already changing climate", he said.

"Students and researchers make things happen, not generals and politicians."

University of Cape Town principal and vice-chancellor Dr Stuart Saunders said he had no comment to make and no official comment could be obtained from the University of the Western Cape.

The director of Capab opera and acting-director of UCT opera, Professor Angelo Gobbato, said: "The whole sanctions thing has been very confusing. Of course in principle I will be delighted, but I don't think the situation is clear enough for me to make a real comment."

Cultural sanctions had prevented dialogue inside and outside the country, but one should be careful if doors were opened not to "kill the local product", he said.

The deputy director of the Baxter, Mrs Mari van der Westhuizen, said the theatre had always acknowledged the ANC cultural desk and had not been as affected by cultural sanctions as other cultural bodies.

Many progressive groups performed at the Baxter, but the proposed lifting of people-to-people sanctions was "a relief" as it was essential for the arts to have co-operation inside and outside the country.

Captour spokeswoman Miss Marion Kalder said the lifting of people-to-people sanctions would give the South African Tourism Board a better opportunity to promote South Africa from overseas.

☐ **SHARING A JOKE:** ANC president Mr Nelson Mandela jokes while answering questions during a news conference with Canadian Prime Minister Brian Mulroney at the Sheraton Conference Centre in Harare.

Now, a timeshare credit card

Star 20/10/91. 288

FIRST National Bank, in association with Resort Condominiums International (RCI), the world's largest vacation exchange organisation, is to introduce the country's first travel and entertainment credit card specifically for people who own timeshare.

The RCI LeisureCard is also an international Visa Credit Card.

Steve Grissel, managing director of RCI, comments: "One of the most significant benefits of the LeisureCard is a holiday guarantee. This means that if a resort experiences financial difficulty and an owner finds that rights to occupy have been revoked, RCI guarantees a holiday for the next 15 years.

"All the owner has to do is to pay his levy to RCI at a rate linked to inflation and continue to meet his loan repayments in the normal way."

Jon Wildman, FNB deputy general manager, adds: "RCI LeisureCard represents FNB's first true affinity card. We have taken great care in our choice of affinity group and believe that the benefits which RCI is able to offer to LeisureCard holders will be of great value to the customer.

"This is the pillar of success of any affinity card programme.

"Having extensively researched the RCI membership base we have determined that existing members will all qualify for the card without going through usual credit assessment procedures.

"Although new timeshare buyers will be assessed for credit worthiness prior to the card being issued, we are confident that based on the profile of existing timeshare owners we will grow a substantial quality cardholders base."

RCI LeisureCard will offer timesharers a variety of privileges, including timeshare purchase finance, revolving credit, automatic levy payments and a guarantee against the loss of timeshare.

Mr Wildman: "In the past it has sometimes been difficult to obtain finance. Now, through RCI LeisureCard, a family can secure a timeshare holiday as easily as buying any other large purchase using a credit card.

"RCI LeisureCard allows the payment of levies to be spread though revolving credit. Even better, the automatic debiting of levies through the card will allow owners a discount at any participating resorts.

"A further benefit is immediately available credit of a minimum of R3 000 for travel and entertainment costs while on holiday."

RCI now has a membership base of well over 100 000.

"We confidently expect that the majority of our members will take up the card to which they are automatically entitled," says Mr Griessel.

The card will be offered to all new timeshare buyers at RCI-affiliated resorts.

To coincide with the launch of the card, RCI in conjunction with M-Net, will run a million-rand holiday-give-away competition in November.

'Diabolical' year, but hotel industry optimistic

288

THE hotel industry in Cape Town has had a "diabolical" year, says Protea Hotels MD Arthur Gillis.

He is nevertheless cautiously optimistic about prospects for the coming summer.

"We have a number of overseas bookings which are soft at this stage, but if they materialise, we have a good season ahead of us until the end of March."

Protea has seven hotels in the Cape Town region.

Southern Sun's Wim de Haast, GM of the St George's Hotel, says the past winter was one of the worst he has ever experienced, with the occupancies at his hotel an estimated 10% down on last winter.

Future bookings, however, look good, especially by foreign tourists.

De Haast says the domestic business market has also declined, with businessmen catching early flights and leaving Cape Town in the evening.

Central Statistical Survey figures show average room and bed occupancies declined by 7,7% and 9,6% respectively in the six months to end-June.

The Peninsula experienced a 12,6% decline in the total number of bed-nights sold to foreign tourists at 125 096 compared to the 143 077 sold in the first six months of 1990.

In June, the Cape netted 10,8% of the national bed-nights sold to foreign tourists, following Johannesburg at 38,9% and Durban/Umhlanga at 11,6%. BDay 21/10/91.

Fedhasa Western Cape regional chairman James Vivier says political unrest worsened the effects of the Gulf War.

The new Victoria & Alfred Hotel on the Waterfront did exceptionally well — at the expense of other hotels in the CBD and Sea Point.

The hotel has achieved occupancy rates far above the norm for Cape Town.

Vivier says the burgeoning informal bed and breakfast sector of the accommodation market also took a slice of business from hotels.

"This combination of factors resulted in quite a few old one or two-star hotels, which were liquor orientated, having to close their doors."

Captour's Green Season campaign did something to offset the normal trough in the hotel trade this winter, with a lot of independent hotels creating special packages to draw people.

"Our Green Season campaign went fantastically," says Gillis. "About 90% of the people who came said they wanted to come back.

Planning is geared to tourism

288 BDay 21/10/91

TOURISM is regarded as the future growth industry in Cape Town, and planning of the city is largely geared to bringing this goal to fruition.

Direct tourist expenditure is about R740m annually, and with the economic multiplier effect, the overall expenditure impact is probably in the region of R2bn.

This represents about 3% of the gross regional product of the Western Cape.

Local authorities have been requested to provide financial incentives for tourism projects, such as low interest loans and tax benefits.

The city is lobbying to get full international landing rights, which would provide a boost to the tourism industry as a direct link would cut down on travelling costs.

Cape Peninsula Regional Development Association deputy chairman Nick Malherbe says the tourism industry has invested about R127,4m this year.

This excludes the R528m being spent on the Victoria & Alfred Waterfront project.

Research by Captour has found Cape Town is becoming the most important tourist destination in SA for historical, cultural, outdoor, environmental and health reasons.

Captour estimates that in 1990 278 000 foreign visitors came to the Cape, with 58,7% coming i November to April and 41,3% during May/October. Expenditure by foreign tourists in 1990 totalled about R92m.

Captour also found that 49% of overseas tourists to SA indicated Cape Town was on their itinerary.

On the domestic front, Cape Town claims 20% of the tourist market or about 600 000 of the estimated 3-million local tourists.

The estimated expenditure by domestic tourists in 1990 was R647m.

Restaurants to offer a sweeter wine price

B/Day 21/10/91 (288)

DAVE LOURENS

RESTAURANTS will soon be bottling their own top quality wines and offering them to diners at substantially cheaper prices.

Fedhasa Restaurant Guild chairman Robert Mauvis said the move would reduce prices by cutting distribution costs.

Three wines are scheduled for introduction before the end of the month: a Chardonnay, a Bukettraube and a Shiraz.

Mauvis said the wines, from a Robertson estate, had matched or surpassed the leading sellers at a blind-tasting session held among 48 Guild restaurateurs in Durban recently.

The Chardonnay is expected to retail for about R20 a bottle, the Bukettraube for R12 and the Shiraz for R15.

"We are totally satisfied with the quality, and we believe this line is going to be a real mover," said Mauvis.

"More than 1 000 cases have already been ordered by the restaurateurs who attended the tasting."

SFW executive chairman Dave Marlow said the Guild wines would be merely one more player in a well-populated market.

"We hope whatever they do will promote the image and use of wine in general. Anything anybody does to develop the market is a good thing for the industry."

He said South Africans could consume up to 5% less wine and spirits this year.

The introduction of the Guild wines was unlikely to have a significant impact on the market, he said.

"People tend to stick to brands they know and like. For wine lovers price is important, but it is a secondary consideration when dining out as people want their favourite wines for special occasions."

Drop-Inn thefts cost nearly R1m

B|Day 23/10/91 (288)

LINDA ENSOR

CAPE TOWN — Liquor retailer and wholesaler Drop-Inn achieved a 30% increase in earnings a share in the six months to end-August, if certain adjustments are made to the previous interim figures.

The interim dividend remains unchanged at 5c.

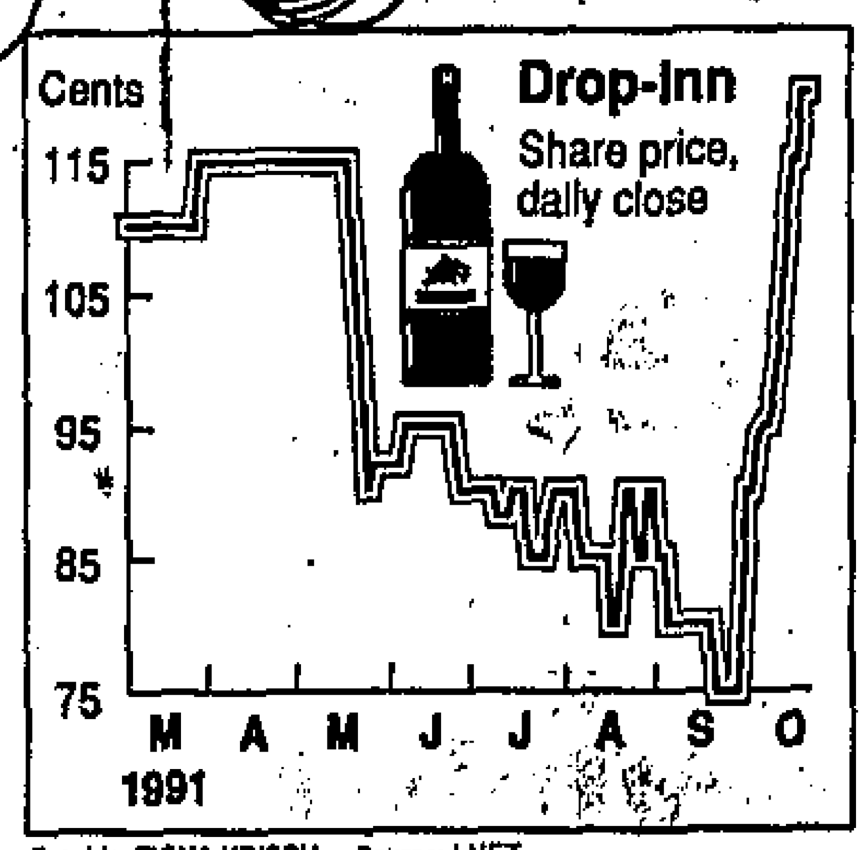
Earnings a share of 10,32c were notched compared with the previous pro forma interim figure of 7,94c, calculated to take account of "the sale of properties and Benny Goldberg's and the R940 000m worth of stock losses".

The stock losses were caused mainly by theft. Stock values were misrepresented and stock shortages covered up to conceal the thefts.

In the year to end-February earnings dropped 3,5% because of the thefts. Profits for the 1990 financial year were adjusted by R746 000 to take account of the thefts.

At the annual meeting in July, chairman Sam Berk said Drop-Inn had lost R1,69m through stock thefts and possible misrepresentations about prepaid expenses.

Directors say Drop-Inn is "continuing to pursue its remedies" in relation to the losses.



Graphic: FIONA KRISCH Source: I-NET

They say the results reflect the benefits of reorganisation and restructuring over the past two years, adding that the improvement in the balance sheet was due to better cash flow gained from better asset management. Shareholders' funds fell to R19,7m (R28m).

Turnover rose 24% on the adjusted basis to R56,7m (R45,7m), but margins came under pressure with operating income rising only 16,4% to R2m (R1,8m). Drop-Inn benefited from a lower tax rate.

The directors add: "Should the group's trading performance be sustained, the earnings per share for the current year will approximate those of last year. The company's export programme to Holland is showing good results."

Luxury lodges for Phinda

BIDCm 23/10/91 (288)

PETER GALLI

ONE luxury game lodge has already been built on the 13 000ha acquired near St Lucia by the Conservation Corporation for the Phinda Resource Reserve, and three more are planned. All are expected to be complete by 1994, says director Howard Geach.

The lodge is to be launched next week and the company plans to refinance the lodge, and additional drawdowns will finance more lodges, land and infrastructure.

The plan is to raise R83,3m and Hambros Bank in London has come up with a structure that meets the SA Reserve Bank requirements and facilitates international investment in wildlife tourism and the country, he says.

The structure features parallel companies, the Conservation Corporation International (registered in the Isle of Man) and The Conservation Corporation SA.

"A total of 740 investor units in the two companies will be offered. The SA units are being offered at R112 500 each, with a minimum subscription of four units. Units in the Conservation Corporation International are being offered at £21 600 each, also with a minimum of four units," Geach says.

The investment plan projects a 37% rate of return on the investment.

Local entrepreneurs running the Phinda operation have a 12,5% stake, which could rise to a maximum of 50% depending on performance.

If you build, they will come

(288) FM 25/10/91

Could SA become a mecca for international conferences? With the country gaining more political acceptance, SA's advantages as an exotic conference venue are becoming clear.

The weak rand makes it inexpensive for delegates from Europe and the US. As a summer destination during the northern winter, it has the essential ingredients of sun and sea backed by a fairly sophisticated tourism infrastructure. Game parks are already the main draw for overseas visitors.

But does it have the facilities to make an international conference industry viable? Not now, says Brian McDonald, president of the SA Direct Marketing Association and head of Cape Town-based Global Conferences.

The five-star hotels in the three major cities get much of the conference business, but the Cape Sun in Cape Town can accommodate only about 400 delegates and the Elangeni in Durban has facilities for just 500-700 delegates. The Johannesburg Sun can handle no more than 850 delegates while the Carlton in Johannesburg can handle up to 1 200.

Sun City can accommodate 2 500-3 000 people in its Superbowl but, McDonald says, this is still not sufficient, considering that some associations and multinational companies have annual conferences of more than 5 000 delegates. "These bodies have tried everywhere from Hong Kong to Hawaii and San Francisco to Sydney, and now they are looking for something new and exciting. SA certainly fits the bill, but the facilities don't."

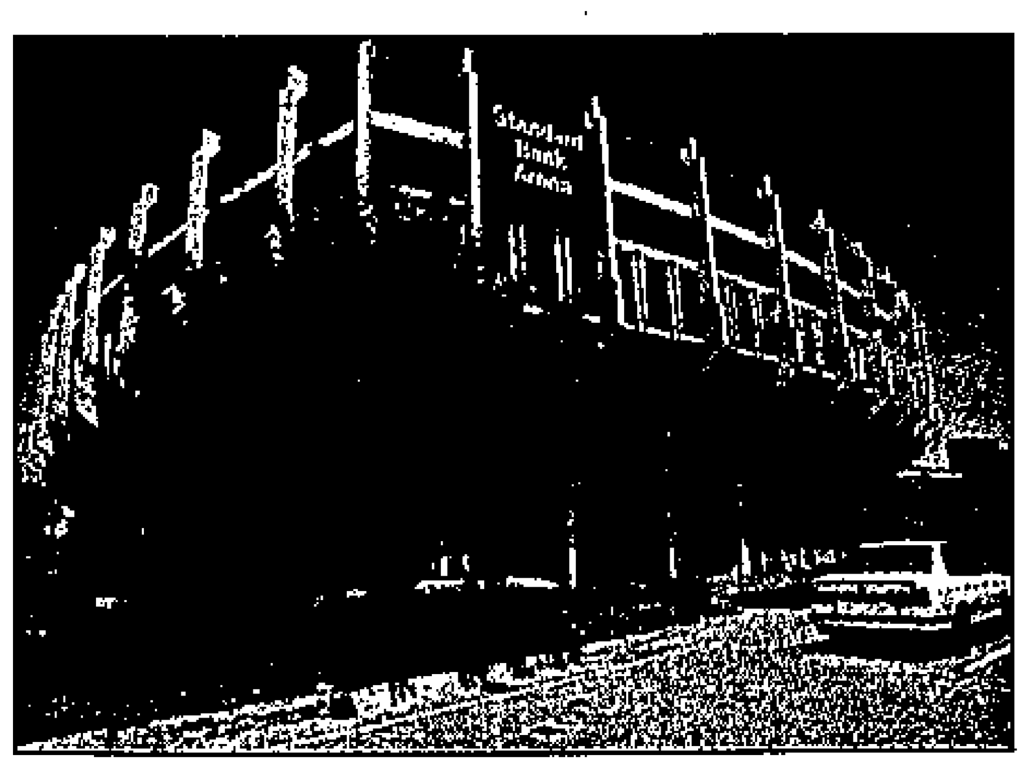
Larger venues are available but, like the Superbowl, they aren't dedicated to conferences. In Johannesburg, for example, the Standard Bank Arena can hold 5 000-6 000 people and in Durban there is the University of Durban Westville's sports centre, which hosted the ANC conference in July. But the cost of converting sports venues into conference facilities starts at R50 000.

Cape Town's Good Hope Centre, owned by the city, can hold about 2 000 delegates, but it is primarily an exhibition hall. It costs from R50 000-R100 000 to convert it for conferences.

Lack of demand and poor economic growth during the country's years of isolation have stifled the development of big conference centres. But local demand is now growing. The Southern African Black Taxi Association draws 5 000 delegates to its annual conference and the ANC conference attracted more than 3 000 delegates, guests and observers.

Building a dedicated conference centre can cost R80m upwards but, with the demand from both overseas and local organisations expected to soar in the years ahead, private developers are keenly studying the market. Plans for a centre over the railway tracks between Harrison and Rissik streets in downtown Johannesburg are the furthest along. The Rail Commuter Corp and other landowners in the area are drawing up a detailed development proposal that will be used to line up private firms to build, own and run the project.

In addition to a centre that could accommodate 3 000-4 000 delegates, the development would also include a road transport terminal, an international class hotel, offices, restaurants and shops. Preliminary work on the site has begun and work on the centre should start by the end of next year, according to Dirk Ackerman, GM-property for the corporation. The centre is expected to be completed by 1995 and an international convention with 2 500 delegates is already booked for then, he says.



The Standard Bank Arena ... *expensive to convert*

"We've spoken to international convention associations and convention management agents and they say the potential for conventions in SA is incredibly good," he says. "The industry is crying out for new venues; it's tired of the same old venues and SA will be a tremendous drawcard."

Cape Town is also moving ahead. A R50 000 study by Kessel Feinstein, commissioned by the city council and expected to be completed by the middle of next month, will recommend the best site for a centre, the size and how it should be financed. The sites under consideration are the Good Hope Centre location, the Waterfront, the Foreshore, the parking lot next to the Civic Centre and a spot near the railway station.

"We feel that Cape Town's centre will have the advantage over others because the city has more to offer visitors," McDonald says.

Former Cape Town Chamber of Commerce president Lionel Hartmann is a staunch campaigner for an international conference centre in Cape Town and believes that the city that builds first will get a strong competitive edge; he envisages a centre accommodating 2 500 people

During a visit to Britain earlier this year, he was impressed by a Birmingham conference centre with state-of-the-art technology, breakaway rooms, facilities for the media and the ability to convert from cinema-style to school-room layout at the flick of a switch. The centre cost £180m and can handle 3 000 people. A marketing team ensured advance booking for three years after its opening in April.

Even before new convention centres get off the ground, international conclaves are beginning to trickle in. Satour assists local branches of international organisations in bidding for conferences — and there have been successes.

Over the next three years in Durban there will be three international conferences of more than 2 000 delegates each.

Cape Town travel agent Barney Singer, who is a deputy director of the Universal Federation of Travel Agents' Associations, will bid for its international conference to be held in SA in 1993 or 1994 when he travels to Portugal for this year's conference next month. He says feedback from the federation's board meeting held in SA last year was positive but final board approval is needed.

Helen Brewer, a conference facility consultant and chairwoman of the SA Association for the Conference Industry, says the success of large centres depends on their ability to cater for international conferences, which means having facilities for receptions and providing catering, secretarial and translating services.

"There seems to be a basic lack of understanding of peripheral services. This must be faced before we launch new projects." ■

TOURISM (288) FM 25/10/91

Flocking to Natal

Natal's tourism and publicity heads are adamant that the British are coming.

They say UK tourists are expected to start arriving in the province next month and the welcome invasion will gain momentum as the new SA takes shape.

The British consul in Durban, Jamie Waterton, says SA is "back on the world map" as far as the British are concerned and he believes that Durban is an attractive destination.

Durban Publicity Association's Frank Vincent says charter operators are set to fly about 5 000 tourists to Durban between November and April. He sees this influx as just the first wave of the brolly-and-bowler brigade.

Alan Gooderson, the Natal chairman of the Federated Hospitality Association, maintains that the first few waves could inject more than R20m into the province's economy.

Last month, government swung open the doors for far more international flights to Durban and Cape Town when two Ministers gave a firm undertaking that airlines will be given an unrestricted choice of which of the three major cities they wished to use as an entry point to the country.

In addition, SA Airways has slashed London-Durban return air fares on selected flights and British Airways has just released its first brochure to market SA.

Vincent says his association will be renamed and restructured in the next few months to form a more powerful marketing and publicity body with an annual budget of at least R7m. He says peace accords and political changes are doing much for tourism in Natal and KwaZulu but warned that another upsurge in violence could cause British tourists to change their holiday plans.

FM 25/10/91 (288)

Natal tourism could get a big boost from the visit this week of nine leading tour operators from Britain. The group met representatives of the SA Tourism Board and the Tourism Association of Natal/KwaZulu and were taken on an extensive tour of points of interest.

Dick Jones, Maritzburg publicity director and chairman of the SA Association of Publicity & Tourism Marketing Organisations, says the aim was to get tourists to spend a week or 10 days in Natal. He says that in the past, British tourists were very frightened of coming to SA because of the violence and confusion they saw on TV and read about.

"But we have managed to combat that perception through a series of marketing trips that have been going on for about five years. Now that SA is starting to settle down, we are reaping the benefits of those trips." ■

INTERNATIONAL CONFERENCES

If you build, they will come

(288) (197)

(1) Beskrywing van goedere	(2) Tariefpos Tariff Heading	(3) Description of goods
Onderdele van spoorweg- of tremweglokomotiewe of rollende materiaal maar uitgesonderd goedere van subposte Nos. 8607.11.20, 8607.11.40, 8607.12.20, 8607.12.40, 8607.19.30, 8607.19.40, 8607.21.20, 8607.21.60, 8607.29.20, 8607.29.60, 8607.30.20, 8607.30.60, 8607.91.20, 8607.99.30	86.07	Parts of railway or tramway locomotives or rolling stock but excluding goods of subheadings Nos. 8607.11.20, 8607.11.40, 8607.12.20, 8607.12.40, 8607.19.30, 8607.19.40, 8607.21.20, 8607.21.60, 8607.29.20, 8607.29.60, 8607.30.20, 8607.30.60, 8607.91.20, 8607.99.30
Tenks en ander gepantserde vegvoertuie, gemotoriseer, hetsy met wapens toegerus al dan nie, en onderdele van sodanige voertuie	87.10	Tanks and other armoured fighting vehicles, motorised, whether or not fitted with weapons, and parts of such vehicles.
Kruiwaens	8716.80.20	Wheelbarrows.
Onderdele vir kruiwaens	*Ex* 8716.90.40	Parts for wheelbarrows.
Ander lugvaartuie (byvoorbeeld helikopters, vliegtuie), ruimtetuie (met inbegrip van satelliete) en ruimtetuiglanseerders	88.02	Other aircraft (for example, helicopters, aeroplanes), spacecraft (including satellites) and spacecraft launch vehicles.
Krukke	9021.90.90	Crutches.
Militêre wapens	93.01	Military weapons.
Swaarde, kortelasse, bajonette, lanse en dergelike wapens en onderdele daarvan en skeie en skedes daarvoor	93.07	Swords, cutlasses, bayonets, lances and similar arms and parts thereof and scabbards and sheaths therefor.
Ander lêerkabinette	9403.10.20	Other filing cabinets.
Ander opslaangeboue	9406.00.90	Other prefabricated buildings.
Krieketbeenskutte en skeenskutte	9506.99.50	Cricket pads and shin-guards.
Tikmasjien- of dergelike linte, met ink behandel of andersins voorberei om afdrukke te maak, hetsy op spoele of in laaikassies al dan nie; stempelkussings, hetsy met ink behandel al dan nie met of sonder dose maar uitgesonerd koollint van plastiek vir tikmasjien en plastiek-, sy- en katoenlint vir rekenoutomate	96.12	Typewriter or similar ribbons inked or otherwise prepared for giving impressions, whether or not on spools or in cartridges; ink-pads, whether or not inked, with or without boxes but excluding plastic carbon ribbons for typewriters and plastic, silk and cotton computer ribbons.
Versamelings en versamelaarstukke van soölogiese, botaniese, mineralogiese, anatomiese, historiese, argeologiese, paleontologiese, etnografiese of numismatiese belang	97.05	Collections and collectors' pieces of zoological, botanical, mineralogical, anatomical, historical, archaeological, palaeontological, ethnographic or numismatic interest.

Bepaal hierby dat hierdie kennisgewing op 1 November 1991 in werking tree.

Hereby determine that this notice shall come into operation on 1 November 1991.

No. R. 2561 25 Oktober 1991

WET OP HOTELLE, 1965 (WET No. 70 VAN 1965)

Die Minister van Handel en Nywerheid en Toerisme het Goewermentskennisgewing No. R. 1509 van 28 Julie 1989, uitgevaardig kragtens artikel 34 van die Wet op Hotelle, 1965 (Wet No. 70 van 1965), gewysig soos in die Bylae uiteengesit.

BYLAE

1. Subregulasie (6) van regulasie 8 word hierby gewysig deur dit met die volgende subregulasie te vervang:

"(6) In die geval van 'n hotel ten opsigte waarvan 'n binneverbruiklisensie genoem in onderstaande Kolom 1 uitgereik is ingevolge die Drankwet, 1989 (Wet No. 27 van 1989), moet die onderskeidingsteken voorgeskryf in Kolom II hieronder saam met die onderskeidingsteken voorgeskryf by subregulasie (2) en (3) gebruik of vertoon word:

Kolom I	*Kolom II*
Hoteldranklisensie	YYY
Wyn, spiritus en bier restaurant dranklisensie (Vol)	YY
Wyn en bier restaurant dranklisensie (Beperk)	Y

No. R. 2561 288 **25 October 1991**

HOTELS ACT, 1965 (ACT No. 70 OF 1965)

The Minister of Trade and Industry and Tourism has amended Government Notice No. R. 1509 of 28 July 1989, promulgated in terms of section 34 of the Hotels Act, 1965 (Act No. 70 of 1965), as set out in the Schedule.

SCHEDULE

1. Subregulation (6) of regulation 8 is hereby amended by the substitution therefor of the following subregulation:

"(6) In the case of a hotel in respect of which an on-consumption licence mentioned in Column I below has been issued under the Liquor Act, 1989 (Act No. 27 of 1989), the insignia prescribed in Column II below shall be used or displayed together with the insignia prescribed under subregulations (2) and (3):

Column I	*Column II*
Hotel liquor licence	YYY
Wine, spirit and malt restaurant liquor licence (Full)	YY
Wine and malt restaurant liquor licence (Restricted)	Y

CLUB MYKONOS'S LEASE (288)

Clutching straws? FM 25/10/91

Frantic efforts continued this week to throw a lifeline to the beleaguered Club Mykonos and to safeguard the interests of unit-owners and investors whose funds are tied up in the development.

It emerged last week that owners of 200

FM 25/10/91

residential units at the resort on the Atlantic seaboard north of Cape Town may lose their properties because a 99-year lease between the land-owning company and the share-block company was never registered (*Property* October 18). A registered 99-year lease would have given owners security in spite of the collapse of Masterbond Trust to which it was linked.

The biggest losers — if the liquidation of Masterbond Trust associate companies involved in the development goes ahead and liquidators decide to sell the property without the lease — could be Leisure Corp (LC). It, through its subsidiary, Multi Ownership Property Trust, owns 34 units worth about R15m at Mykonos.

LC MD Ernst Meissinger says his company has been involved in negotiations with several institutions. He is confident a proposal can be worked out which will ensure there are no losers and that the development will be completed as planned.

It is understood that the proposal includes taking over responsibility for the short-term debentures held by thousands of investors and secured by bonds over the Mykonos property.

An application is also being prepared to ask the Supreme Court to register the 99-year lease. However, it seems unlikely to succeed until there is clarity on the future of the group as a whole. ■

BUYING INN

288

Though little interest was shown at an auction of the popular La Crete Hotel on the Natal South Coast last month, Maxprop's Peter Quin says potential buyers are now showing their hands. His organisation has already opened negotiations with three potential buyers and he expects further offers will be made in the near future. FM 25/10/91

Only one bid — of R5m — was made at the auction, obviously far below the reserve set by the Van Dongen family who have run the hotel overlooking the Uvongo Lagoon for the past 50 years. The family says it wants to leave the hotel trade, which is why they put the two-star, 100-room hotel up for auction.

Quin says he is talking to two big construction companies, an hotelier from Cape Town and a mutual fund; all have shown interest in buying and developing the site. Maxprop's sole mandate to sell the hotel expires at the end of next month.

Part-owner Fred van Dongen says other offers have been made but are structured on five-to-10-year payment periods. The family, he says, is keen on a straight cash offer.

☐ Another South Coast hotel, the Golf Inn at Scottburgh, has been auctioned for R1,15m. The new owner wants to redevelop it as a retirement complex.

(288) CT 26/10/91

SA tourism

up — but Cape 'the big worry'

Cape Town is not in line for a bumper holiday season, with Durban likely to skim the cream off the top of the summer tourist season, though international tourism to South Africa is expected to be up on last year, reports TONY JACKMAN.

EXPECTATIONS are high that tourism to South Africa will pick up significantly within the next few years but some predictions relating to the immediate future are little better than dismal.

Opinions differ, with some saying that Cape Town is in particularly dire straits regarding tourism this summer season, despite the advent and growth in popularity of the Waterfront. Durban's prospects for this season's slice of the important PWV market look "promising".

Nick Martin, marketing chief for Three Cities Hotels, which operates Cape Town's Peninsula, Durban's Royal and Johannesburg's Carlton, predicts a "very hard season" for Cape Town.

"I've touched bases with some of our competitors and it seems our figures are checking and I'm not alone. We don't expect this to be a bumper season at all for Cape Town, which is very disappointing. I get a rather cold feeling about Cape Town this summer."

Durban was "not doing too badly", he said, and the Reef was not doing as well as expected but nevertheless was only marginally down on expectations.

"But Cape Town of all South African regions this year has been the biggest worry and disappointment. I think the local economy is shot. It's dreadful, dire."

The international trend of people taking shorter holidays seemed to be occurring here, he said. The traditional month at the coast had become three weeks, then two weeks and even less.

On the international front it was encouraging that the Japanese, for instance, were opening doors, "but obviously that's not going to help this Christmas season".

"I think it's going to be a significent new market which will be clearly identifiable as new business. Japan has 10 million people travelling abroad every year and if we get only 1% it is still 100 000 people, which, in terms of our level of incoming tourists, is huge.

Phenomenal

"Some of our traditional markets produce significantly fewer than 100 000 tourists each year, so the opportunity that Japan represents is phenomenal. It must also be remembered as far as incoming tourists are concerned that Europe is also having some torrid times. The UK, our biggest European market, is going through a recession."

Danny Bryer, national sales manager for Protea Hotels, is more optimistic but acknowledges that the chain's Cape Town hotels still have "plenty" of beds available for the coming peak season. Far from taking an average 14-day holiday, upcountry visitors were coming to

□ To Page 18

□ From Page 17

the Cape for seven or even five days, he said, and the season was becoming "ever shorter".

Protea acquired the five-star Lord Charles Hotel at Somertset West three months ago and is offering dramatically reduced rates for peak season packages in an attempt to lure upcountry visitors.

"There are a lot of packages on the market to entice holidaymakers to Cape Town. We have an air-hotel package for seven or five nights at the Lord Charles during December for R52 per person sharing."

The usual rates at the Lord Charles are R330 a single and R420 a double.

Not all predictions are gloomy. Richard Gebhardt of Springbok Atlas, which operates tours throughout the country, said indications were that a good season lay ahead: "The vast majority of overseas groups that requested tours are coming."

Next month 60 groups of foreign tourists ranging from 10 to 180 people (an Italian group) are expected. December will be "a little quieter" with about 20 groups ranging from 12 to 90. January's bookings were for 25 groups of 16 to 100 tourists. Most were from Italy, Holland, Germany and France, with a number from Britain and "quite a few Japanese and Taiwanese", he said.

"The French market has increased tremendously. The German market has always been good and the Dutch market is picking up nicely."

A trend that had begun developing this year was the advent of "advance parties" coming to check the effects of political changes and/or the possibilities for tourism, Martin said.

'Safe solo'

"Politicos, analysts and advisers tend to have a look-see first and on the tail of their reports we can expect more significant commercial and tourist business. They are fairly good indicators for the future."

An interesting trend, said Bryer, was that the international market used to come in groups because they felt they would be safer, "whereas the international guest now realises he's safe to travel around the country alone".

The last six months had seen a discernible increase in the numbers of solo travellers from abroad, he said.

Tourism from elsewhere in Africa was still unplumbed, however. Protea Hotels, said Bryer, has introduced air-hotel packages to Zimbabwe, Kenya, Malawi, Mozambique and Namibia and was becoming involved with reciprocal arrangements with hotels in the same countries.

"Our new mission is into Africa. We've just taken over a hotel in Mauritius and we're negotiating with the Malawian government for a hotel on Lake Malawi. The Malawian government is investing about R42 m on building it and we've been employed on a consultancy basis to help with the development."

Protea also has two hotels in Mozambique.

Spur steakhouses trim the fat and reap rewards

B/Day 28/10/91 (288)

LINDA ENSOR

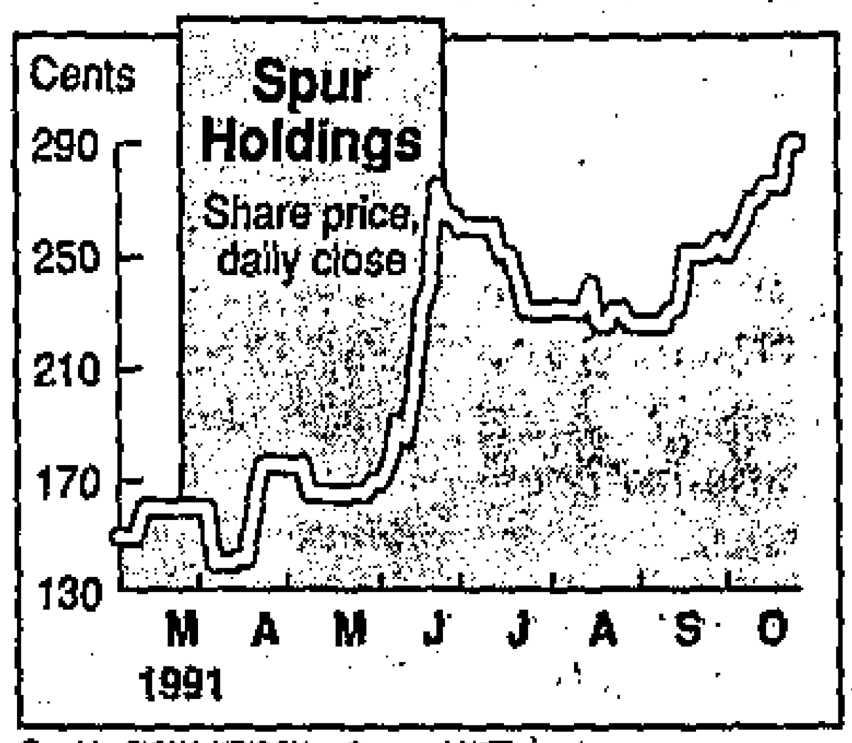
CAPE TOWN — Spur Steak Ranches' winning formula continues to bring in rich rewards for the restaurant chain, which notched up a 43% increase in earnings a share in the six months to end-August.

Despite pressure on disposable income and cuts in consumer spending, Spur achieved a 34% increase in turnover to R10,3m (R7,7m) and a 39% increase in pre-tax profit. It generated earnings a share of 12,33c (8,6c).

MD Gerd Topat says the company gained substantially from the search by consumers for affordable family dining in the tough economic climate.

The reduction in the corporate rate of tax added a further boost to the performance and a 31% higher dividend of 8,5c (6,5c) a share was declared.

Topat says Spur increased sales and market share while cutting down on operating costs — the operating margin improved to 36,2% (35%) — and he is confident the group will maintain the growth rate in the second half, which is normally the better trading period.



Graphic: FIONA KRISCH Source: I-NET

The improvement in margins came in spite of the need to absorb the impact of rampant food inflation and the effect of VAT on costs. Topat attributes this achievement to Spur's running a "tight ship".

"We have been astonished by the increase in raw material prices. It has not been possible to increase prices because of consumer resistance."

About 1-million meals were served each month at the chain's 109 Spur Steak Ranches, six Hard Rock Cafes and one Panarotti's outlet.

"We are continuing to grow, despite relatively tough times on the retail level. In the past six months we opened seven new Spur Steak Ranches in and around Johannesburg and plan to open a further three in the Transvaal in the current financial year," Topat says.

The group also opened a new Hard Rock Cafe in Durban and has budgeted to open 10 Spur Steak Ranches, four Panarotti's outlets and two Hard Rock Cafe outlets next year.

Developments during the year included the group's diversification into the pizza and pasta franchise business with the Panarotti's chain. One outlet opened in the Cape and a second was planned for George later this year.

Also, the menu was expanded to include Mexican type dishes to supplement the steak items. Group chairman Allan Ambor says this fare has proved popular and it is possible the range will be extended in the near future.

Spur Holdings, which owns 54,5% of Spur Steak Ranches achieved earnings of 10,02c (7,15c) a share on a turnover of R2,3m (R2,1m) and declared a dividend of 6,5c (5c).

Since its listing Spur Steak Ranches has produced consistently good results increasing turnover fivefold to R17,7m in 1991.

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B/Day 28/10/91. (288)

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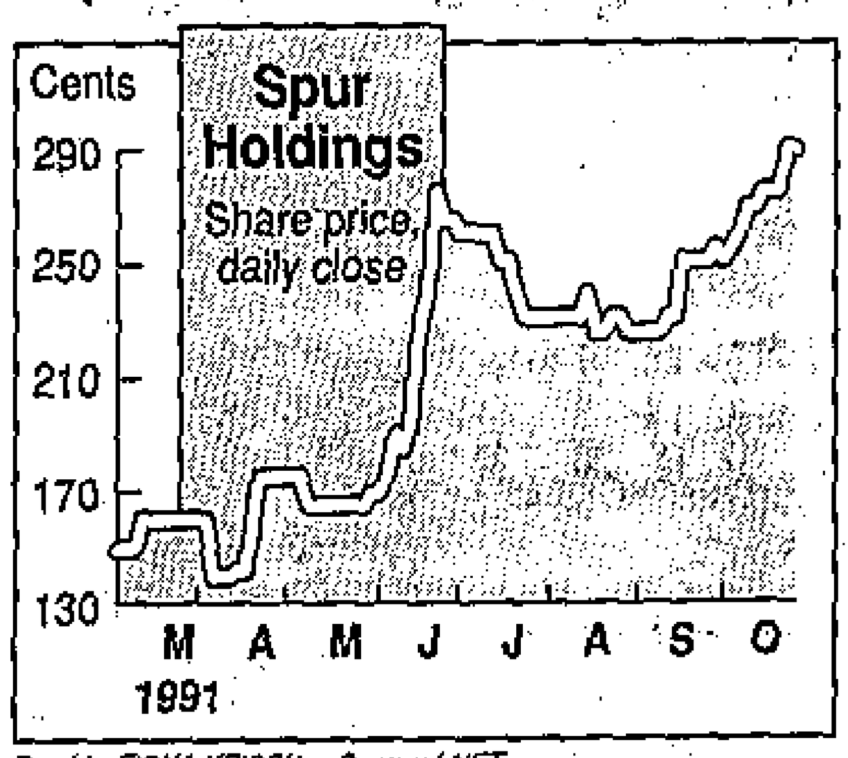

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PROP

Timeshare 'over the worst'

Bday 30/10/91. (288)

Reports by PETER GALLI

INSOLVENCIES, liquidations, large levy increases and related timeshare problems were unavoidable and necessary for the growth of the industry and awareness of the consumer, Resort Condominiums International (RCI) MD Stephen Griessel said in an interview recently.

"This year has been tough in terms of timeshare credibility, but this is natural in any developing industry. However, the industry remains strong and continues to show good sales," he said.

None of RCI's customers had lost their investment or right to occupy, but a number had had to pay additional money and special levies.

Sales for the year were expected to be 5% down at R200m, but this was still good in comparison with other industries, he said.

While the Masterbond incident had further affected sentiment towards the industry, this was only in the short term. It was unfortunate that consumers had to learn from experiences such as this, but they were growing more aware of the pros and cons of timeshare, Griessel said.

"The worst has now passed for timeshare and I believe that, although there will be a few more problems in the industry, we are moving into a new period of growth," he said.

Apart from the continual upgrading of requirements for timeshare developers and salesmen by the SA Timeshare Institute (Tisa), SA had very modern, effective legislation governing the issue. A number of new, large corporations and developers were looking at the timeshare market.

First National Bank, in association with RCI, last week announced the launch of the Leisure Card. The card guarantees all existing and future RCI members 15 years of holidays should they lose their investment and occupancy rights.

However, to qualify for this they would have to continue making the repayments on any outstanding loans on their timeshare and the annual levy. The levy would be escalated at the CPI rate for that period, he said.

"All the levies will be pooled and used to subsidise space in other resorts should this happen. This guarantee costs the consumer nothing," Griessel said.

In addition, the card allowed the owner to pay off his levy on revolving credit.

Asked why the timeshare industry had not done more to educate the consumer about the pitfalls, Griessel said it had adopted a "performance before promotion" attitude where it tried to "clean up its act" before educating people.

However, an educational campaign was planned for the new year. "Prospective timeshare owners must buy from the established, big organisations and should not buy off-site or off-plan for unbuilt resorts unless from a large developer of national repute," Griessel said.

In addition, they should look at the balance sheet and the size of the bond in relation to the size of the development. They should also check whether the resort was affiliated to RCI and Tisa, both of which could be contacted for assistance in this regard.

The political situation in Natal had seen timeshare sales at RCI-affiliated resorts in Durban almost halve to 1 074 in the nine months to end-September from 2 014 in the same period last year. The western and eastern Cape were growth areas, with sales rising 25% and 6% to 4 440 and 2 682 respectively.

Total sales were 10% down at 15 535 from 17 237 previously. "RCI is not easily affiliating new resorts in the present climate and the total tmeshare market in SA is about 70% sold out," Griessel said.

BUSINESS DAY, Thursday, October 31 1991

Concern at tourism standards

DARIUS SANAI

SA HOTEL standards were falling and a privately-funded training body for all personnel in the tourism industry had to be established if the situation was to be reversed, Satour executive director Spencer Thomas said in an interview yesterday.

Thomas said the establishment of the Hospitality Industry Training Board by the hotel industry earlier this year was a step in the right direction, but added the entire tourism industry was in need of a unified training body.

"We are concerned about the fall in standards in the tourism industry, and propose the establishment of a single national training body," Thomas said.

Direct air links to the US are starting shortly and Satour is targeting Japan. Travellers from both countries are used to high standards of service.

Satour predicts the number of foreign tourists visiting SA each year will double in the next decade, reaching 2-million by 2000. BDay 31/10/91

Thomas said the proposed training body would offer courses for everyone from waiters to middle managers.

Membership would be mandatory for a particular industry sector once the majority of operators in that sector agreed to join the body.

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Legislation

The body would be established under Manpower Department legislation and would unite training bodies already set up by the hotel industry and by travel agents with new courses for other sectors.

Overcrowding could also become a problem at holiday destinations in peak season. He said hotels in Cape Town and private game lodges near the Kruger Park already had to turn customers away in summer.

And investors were not interested in building more accommodation unless low-season occupancy improved, because any new rooms would lie empty for half the year, he said.

The solution was to convince European and other foreign tourists to come to SA during the winter months, which would persuade investors of the profitability of building new rooms.

Thomas also said that the state of SA roads was a matter for concern. Toll roads were repaired wherever necessary, but he said there were a number of minor roads frequently used by tourists which were in dire need of repair.

Transport department officials said recently that funds for maintaining roads were becoming increasingly scarce.

SERVICE SECTOR – ACCOMM. LIQUOR + catering – General

1991 – NOV. – DEC.

SPUR STEAK FM 1/11/91

Keeping customers

288

Recession is evidently bypassing the Spur Steak Ranches (Spur), which saw turnover rise by 34% in the six months to end-August. One logical explanation is that consumers are trading down, rather than staying at home to eat.

Over the years, Spur has developed a name for offering value in a pleasant environment complemented by fast service. This approach is paying off. It makes sense that restaurant customers who remain particular about the quality of fare, but are faced with diminished discretionary spending, are now seeking cheaper meals. The Spur outlets, almost all of which are wholly owned by franchisees, are apparently well placed to fill this need.

The group now has 109 outlets, of which seven (all in the Transvaal) were opened in the past six months. It plans to open a further three there during this financial year. A new Hard Rock Café has been opened in Durban bringing the total of these outlets to six. Spur has also moved into the pizza and pasta market by opening the pilot Panarotti restaurant in the western Cape.

Interim EPS leaped ahead by 43% and chairman Allen Ambor says he expects to maintain this growth path for the year to end-February. The interim dividend has been increased by 31%. Spur Holdings — owner of 54% of Spur, the franchise rights for all Spur outlets and a substantial direct stake in four of them — increased its EPS by 40%, to 10,02c and its dividend by 30%, to 6,5c.

Shares of both Spur and Spurhold have been substantially rerated. Both now stand

GOOD FLAVOUR

Six months to	Aug 31 '90	Feb 28 '91	Aug 31 '91
Turnover (Rm)	7,7	10,1	10,3
Pre-tax profit (Rm)	2,68	4,22	3,72
Attributable (Rm)	1,36	2,12	1,96
Earnings (c)	8,6	13,4	12,3
Dividends (c)	6,5	5,5	8,5

FM 1/11/91 288

on an historical earnings multiple of 15,9. Should Spur Steak Ranch's EPS rise by 40% for the full 1992 year, at the current price of 350c the prospective p:e is roughly 8,8. It makes the shares appear very attractive.

Gerald Hirshon

KERSAF FM 1/11/91 288

Spending surge

Activities: *Operates casino resorts, cinemas, restaurants, sports goods retailers; wholesales and retails liquor and produces and distributes films.*
Control: *Safren 76%.*
Executive chairman: *D A Hawton.*
Capital structure: *75m ords. Market capitalisation: R2,85bn.*
Share market: *Price: 3 800c. Yields: 3,6% on dividend; 5,8% on earnings; p:e ratio, 17,2; cover, 1,6. 12-month high, 4 150c; low, 1 900c. Trading volume last quarter, 975 000 shares.*

Year to June 30	'88	'89	'90	'91
ST debt (Rm)	112	103	74	33
LT debt (Rm)	67	121	127	140
Debt:equity ratio	—	—	—	—
Shareholders' interest	0,59	0,56	0,54	0,57
Int & leasing cover	15,5	9,9	12,7	26,5
Return on cap (%)	16,6	19,9	22,6	22,2
Turnover (Rbn)	0,95	1,31	1,55	1,79
Pre-int profit (Rm)	261	396	485	558
Pre-int margin (%)	27,5	30,2	31,2	31,2
Earnings (c)	110	153,8	187	220,4
Dividends (c)	70	96	116	135
Net worth (c)	703	840	757	926

Sun Bop remains the most important contributor to Kersaf and about three-quarters of Kersaf's current capital expenditure of R1,2bn is being spent on the Palace and Lost City, at Sun City, and the Carousel, at Babalegi.

The rationale is not just the PWV area's seemingly unlimited appetite for gambling, though every time a new casino opens it expands the market, but Kersaf is anticipating a surge of local and foreign tourism. It is investing in Ciskei and Transkei as well as Ster-Kinekor cinema complexes.

However, Kersaf's progress towards attaining its ambition of becoming an international leisure group is proving a slow process. Chairman Buddy Hawton says earnings from Royale Resorts fell by 24% and one of the undisclosed offshore casinos was sold during the year. There was an exchange loss, as the dollar appreciated significantly against European currencies in the second half. Royale's three hotels in Mauritius suffered from the impact of the Gulf War and the Saint Geran Sun was closed for renovations for part of the year.

Kersaf's turnover increased by a modest 15%, because of difficult trading conditions, and because Interleisure shed turnover from restaurants which were franchised out. Fortunately, the operating margin was one percentage point higher than the year before, with significant improvements from Interleisure's cinema and sports retailing operations.

FM 1/11/91 288

The group's effective tax rate fell from 34% to 30%, thanks to the tax allowances which Bophuthatswana allows for casino resort development. In Bophuthatswana, 40% of the cost of hotel development can be written off in the first year.

Net cash available was only R373 000, compared with R96m in the previous year, mainly because R407m was spent on capital projects. This was partly offset by a R68m reduction in borrowings, R25m from the listing of Sun Ciskei, and the receipt of R72m from the sale of 21% of Southern Sun in the previous year. The balance sheet shows deposits and cash of R285,4m.

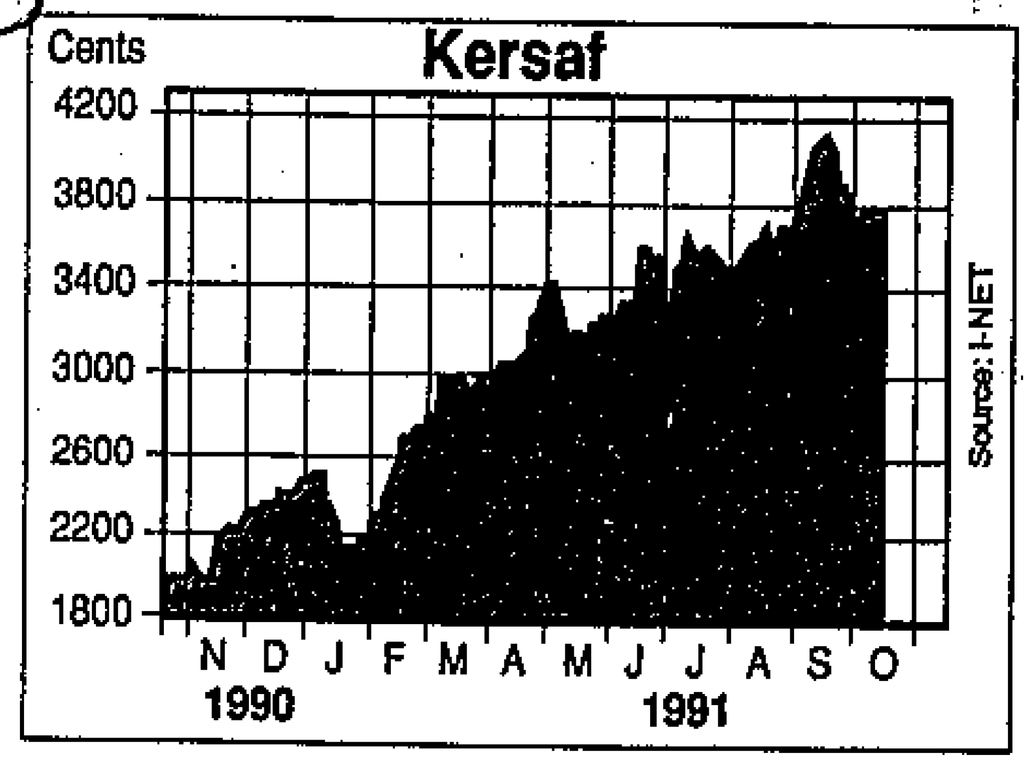
Sun International's share of group turnover increased from 64% to 68%. Attributable earnings increased by 14% on 22% higher revenues. The operating margin fell in all operations; the unlisted resorts in Botswana, Lesotho, Swaziland and Namibia had a particularly difficult year, with overall turnover and profit down in real terms.

Interleisure, 38%-held, lifted earnings by 15% but its share of Kersaf's turnover fell from 25% to 22%. It intends to spend R30m on building seven new cinema complexes. Despite a lower contribution from film production, Interleisure has continued to expand its interests in this area. It spent R7,7m on funding four local films and backing local talent such as Leon Schuster.

Kersaf Liquor merged with Union Wine shortly after the year-end, and Kersaf has a 50% stake in the combined company. It is still a small part of the business, accounting for a tenth of turnover and about 5% of attributable profit. Earnings were down by a tenth.

There was limited growth in wine and spirits during the year, though certain Kersaf products gained market share. Connoisseur VO brandy increased sales volumes by 11%, and Red Heart Rum by 5%, well ahead of the 3% increase in the spirit market. Schoonspruit was bought and Kersaf maintains it will show significant volume growth in line with international mineral water sales.

Kersaf's Hawton ... *offshore earnings fell*



Kersaf's share sits on a p:e of 17,3 and a dividend yield of 3,6%. The price has doubled over the past 12 months, though at R38 it is down from its September peak of around R42. The stock is pricey but should continue to show real growth. It is worth holding.

Stephen Cranston

MASTERBOND FM 1/11/91

Last resort (288)

Sun International (SI) isn't riding to the rescue of Masterbond Trust. MD Ken Rosevear denies that SI is interested in taking over Club Mykonos, Masterbond's biggest headache.

Masterbond chairman Koos Jonker had claimed that what he called agents of SI had been negotiating with his group for six months. He said SI wanted to buy the development and turn it into a casino resort.

Rosevear emphatically denies the claim. "We have not negotiated with Masterbond whatsoever for the purchase of Club Mykonos. All that has occurred is that a certain party approached us to ascertain if we would be interested in looking at it, but we have not pursued it at all. I have not seen Club Mykonos, so cannot say if we would be interested, but it is probably unlikely."

Rosevear says it's speculative to consider Club Mykonos being suitable because the law prohibits casinos.

The entire Masterbond group has effectively been taken from the control of its directors. The holding company was placed under curatorship last week but a number of associated companies, including the Silverhurst development in Constantia in Cape Town, which are effectively controlled by Masterbond directors, have not yet been brought under the curators' wing. ■

FM 1/11/91

PLEASURE FOODS FM 1/11/91

Smiling again (288)

After four years of rapid turnover growth with no corresponding improvement in earnings, Pleasure Foods has finally given shareholders something to smile about. Earnings last year rose to 11,2c from 2,6c, the dividend was increased to 4,5c from 1,5c and the share price has responded accordingly, reaching a 3½-year high of 135c. Debt is negligible and it merely remains to be seen whether the rationalisations of the past year can be translated into real growth.

Not all the improvement in profits came from operations. Included in the R6,6m pretax profit was R1,5m on sale of assets. The sale of company stores in Juicy Lucy and Milky Lane in Cape Town contributed significantly. Even excluding this, operating profits were up by about 60%. Proceeds from the remaining Mr Fruit Juice holding were taken in below the line, but those from the sale of Burger Fair, effective July 1, will only be brought to account this year.

New management at Pizza Hut managed to turn last year's loss around. Wimpy, contributing over half store turnovers by brand (including franchised outlets), maintained its sound record. Juicy Lucy, more sensitive to the economy than other outlets and hit by strikes, was the only division where sales fell.

Having brought the focus back to the five core operations, the group will now look for expansion opportunities, of which it believes there are many. Adverse economic conditions have been counteracted by aggressive advertising and promotional campaigns and many new stores will be opened this year.

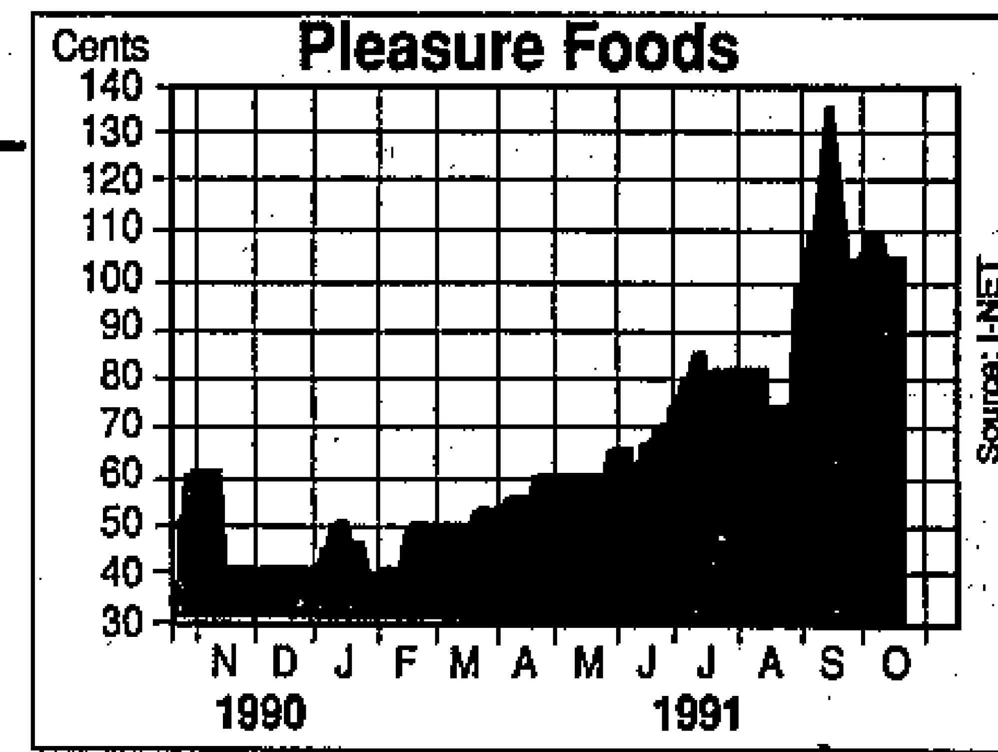
The share price, which has more than trebled in the past year, discounts much good news but may still offer value, despite the enormous premium to tangible NAV (excluding trademarks). *Peter van Ryneveld*

COMPANIES (288)

Activities: *Operates and franchises convenience foods chains including Juicy Lucy, Milky Lane, Pizza Hut, Golden Egg and Wimpy.*
Control: *National Brands, in turn 98% owned by Anglovaal Industries, 72%.*
Chairman: *J Bryant; MD: M F Silberbauer.*
Capital structure: *46,5m ords. Market capitalisation: R48,8m.*
Share market: *Price: 105c. Yields: 4,3% on dividend; 10,7% on earnings; p:e ratio, 9,4; cover, 2,5. 12-month high, 135c; low, 40c. Trading volume last quarter, 108 000 shares.*

Year to June 30	*'88	'89	'90	'91
ST debt (Rm)	6,0	7,1	3,4	1,2
LT debt (Rm)	1,7	1,1	0,8	0,4
Debt:equity ratio	1,37	1,25	0,59	0,17
Shareholders' interest	0,26	0,28	0,36	0,49
Int & leasing cover	11,1	3,9	2,4	8,1
Return on cap (%)	23,7	20,2	12,5	30,6
Turnover (Rm)	68,0	80,1	88,3	92,2
Pre-int profit (Rm)	5,2	4,6	2,5	6,1
Pre-int margin (%)	7,6	5,7	2,8	6,6
Earnings (c)	8,4	7,8	2,6	11,2
Dividends (c)	3	3	1,5	4,5
Net worth (c)†	13	14	16	21

† Trade marks excluded.
* 13 months.



FM 1/11/91 (288)

FM 1/11/91 (288)

SUN CISKEI FM 1/11/91

Poor relation (288)

Activities: *Operates four casino resorts in the Ciskei.*

Control: *Sun International 33%. Safren has ultimate control.*

Chairman: *K A Rosevear; GM: G S Vass.*

Capital structure: *75m ords. Market capitalisation: R173m.*

Share market: *Price: 230c. Yields: 13,7% on dividend; 18,0% on earnings; p:e ratio, 5,5; cover, 1,3. 12-month high, 260c; low, 210c. Trading volume last quarter, 1,2m shares.*

Year to June 30	'90	'91
ST debt (Rm)	2,3	0,8
LT debt (Rm)	40,4	30,9
Debt:equity ratio	1,24	0,31
Shareholders' interest	0,34	0,45
Int & leasing cover	3,5	7,5
Return on capital (%)	27,2	28,9
Turnover (Rm)	82	103
Pre-int profit (Rm)	26,8	32,7
Pre-int margin (%)	32,7	31,7
Earnings (c)	37,8	41,5
Dividends (c)	26,4	31,4
Net worth (c)	66,6	68,6

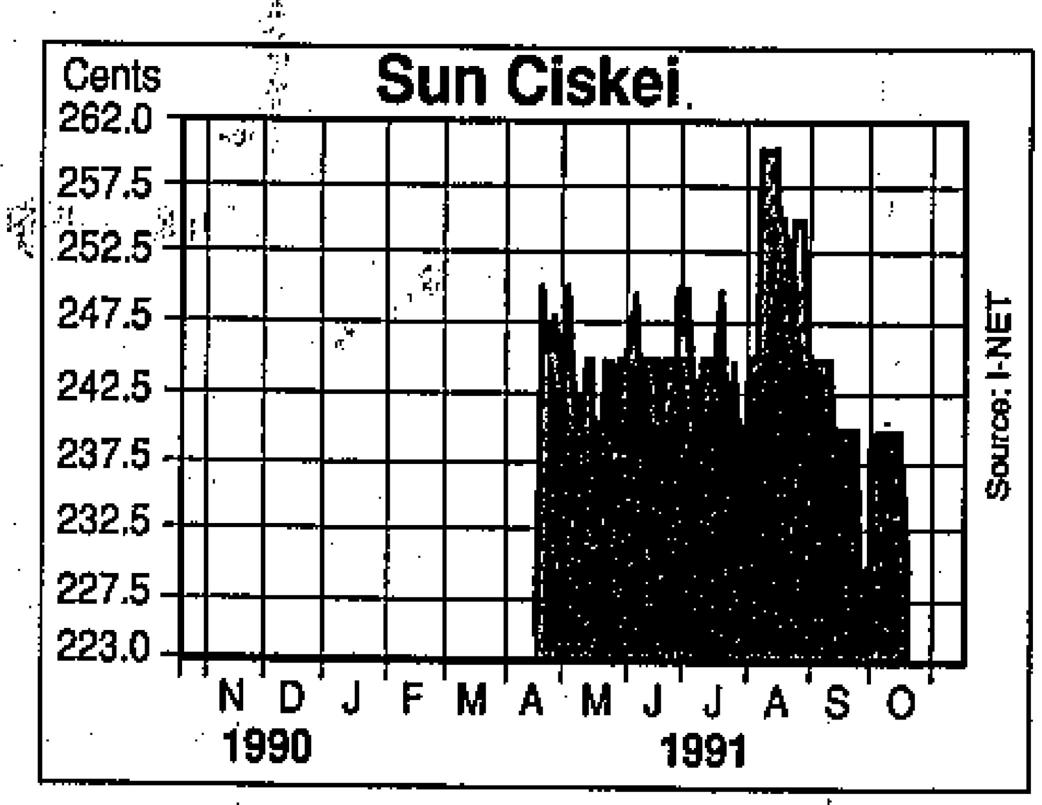
Despite Sun Ciskei's high trading margins, and the good profit growth it has enjoyed this year, investors treat it as the poor relation of the Sun International group. A p:e of little more than five is the sort of rating that would more often be awarded to an ex-growth counter.

The share was listed on April 17, during a bull market, when there were complaints about a lack of quality scrip. Yet the share has not been given the boost seen by the Beverage & Hotel sector and the market generally.

One cloud that hangs over Suncisk is that the Ciskei government is not in favour of giving Sun International gaming exclusivity in the long term. Chairman Ken Rosevear says he does not expect any meaningful competition in the short-term-to-medium term, which seems fair comment. Sun Ciskei's assets are valued at R105m and in the Fish River Sun and Mpekweni Sun it has two of the best tourist sites in the country.

Investors will not forget in a hurry that the Mdantsane Sun was destroyed by fire last year; Ciskei has certainly been racked by more unrest than either Transkei or Bophuthatswana and the image of Suncisk's hinterland, the Border Region and Eastern Cape, does not help. Mdantsane, particularly, has suffered from the depressed business scene in East London. Average occupancy was 56% compared with 77% for Sun Bop.

Yet Sun Ciskei is an extremely profitable business, even in a recession in a depressed region. Attributable earnings increased by 51%, and EPS at 41,5c was more than a cent higher than the forecast in the pre-listing prospectus. Casino revenues rose by almost a third. Suncisk carries about R32m in debt; this is more than R10m down on the previous year and cash resources have increased to R15,7m (1990: R1,3m).



Suncisk enjoys tax-free status but this might be jeopardised by reincorporation of Ciskei into SA. This adds risk to the counter.

This year the Fish River Sun will be expanded at a cost of R18m, which is expected to make a material contribution to the second half. Day visitor facilities will be expanded because of pressure. The biggest pressure on margins is likely to be wages which continue to increase well ahead of inflation.

Even with the uncertainties, Suncisk looks like a buy at current prices. *Stephen Cranston.*

TRANSUN (288)

Wider net

FM 1/11/91

Activities: *Operates Wild Coast Sun and three electronic gaming outlets in Transkei.*
Control: *Sun International 53%. Safren has ultimate control.*
Chairman: *K A Rosevear; MD: A Chiaranda.*
Capital structure: *145m ords. Market capitalisation: R391m.*
Share market: *Price: 270c. Yields: 10% on dividend; 13,7% on earnings; p:e ratio, 7,3; cover, 1,4. 12-month high, 315c; low, 215c. Trading volume last quarter, 467 000 shares.*

Year to June 30	'88	'89	'90	'91
ST debt (Rm)	2,1	—	—	—
LT debt (Rm)	38,0	38,4	38,4	38,4
Debt:equity ratio	0,07	—	—	—
Shareholders' interest	0,47	0,47	0,51	0,52
Int & leasing cover	37,1	61,0	n/a	n/a
Return on cap (%)	28,9	30,9	26,0	23,9
Turnover (Rm)	117	145	163	193
Pre-int profit (Rm)	50,4	64,1	64,1	67,9
Pre-int margin (%)	43,2	44,1	39,2	35,3
Earnings (c)	26,2	29,1	34,1	36,9
Dividends (c)	20	23,5	25,5	27
Net worth (c)	57,7	67,6	86,0	101,8

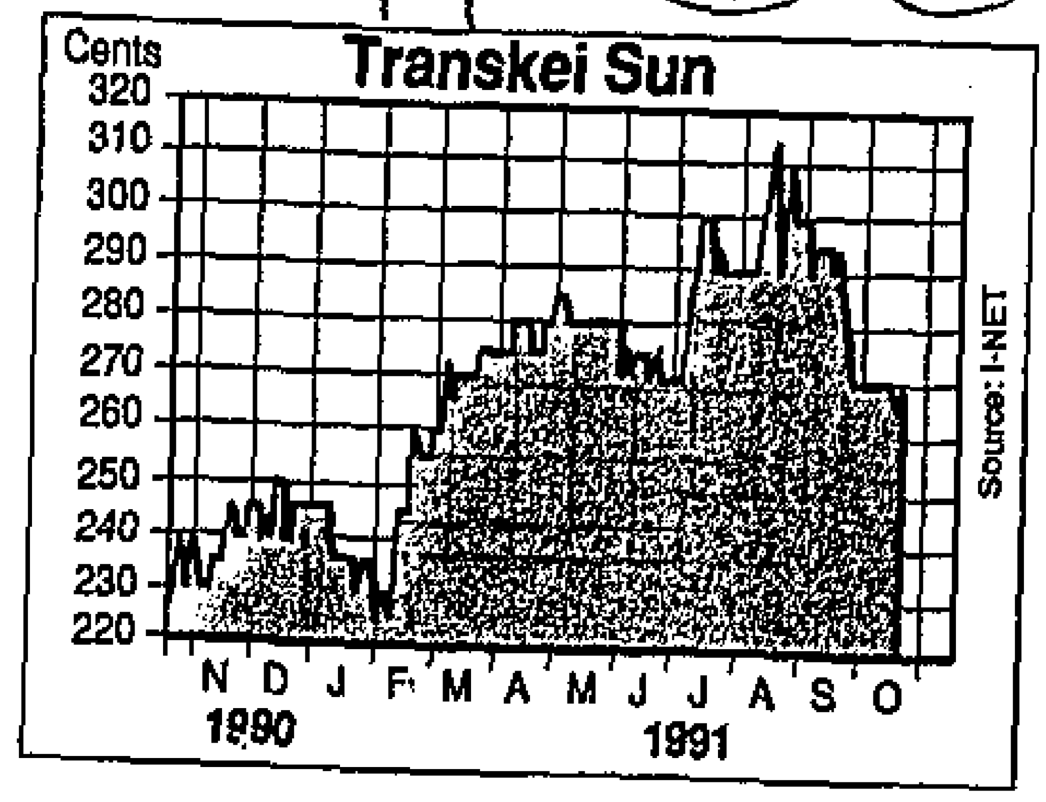
The Transkei Sun is the cash cow of the Sun International stable. It is not close enough to Durban to offer the kind of casual day business that, say, Morula and now The Carousel can get from Reef residents. And Transun cannot expand easily in the Transkei, as it has only been given exclusivity in its immediate area. It has been forced to close two of its gaming operations at Mount Frere and Idutywa.

Yet Transun still has a healthy operating margin of 35,3% and cash resources grew last year from R77m to R93m. Interest received increased by 38% to R7,4m.

However, earnings rose by a disappointing 8%, on 18% turnover growth. The margin fell four percentage points because of sharply increased wages and because occupancy fell from 79% in the previous year to 73%. To attract more guests and day trippers, the resort will be expanded at a cost of R75m. Also, to attract more non-gambling customers, the resort will be revamped on a Tahitian tropical island theme and funfair attractions will be added. For gamblers, the complement

cont

FM 1/11/91 (288)



of slot machines will be increased to 800 and even a slot privé room will be built.

Chairman Ken Rosevear says that gearing will not exceed 70% and interest cover will remain in excess of five times. The dividend cover has been increased from 1,3 to 1,4 as a measure of prudency in the difficult economic climate and to help fund the expansion. Last year's payout was lifted by almost 6%.

Rosevear expects earnings to show only moderate growth, about in line with last year, because of the upward pressure on costs and the disruption caused by the present construction activities.

Transun's dividend yield of 8,5% looks attractive in this market and the p:e of 7,3 seems unduly out of line with Sun Bop's 19,4. It offers value principally as a consistent cash generator.

Stephen Cranston

Carousel Entertainment World

Centre is set to complement the other Sun resorts

B10(?) 6/11/91 (288)


KEN ROSEVEAR

BETWEEN 10 000 and 20 000 people are expected to visit the Carousel Entertainment World in Babalegi each day.

Sun International MD Ken Rosevear says the group is expecting high volumes of people, but the complex is designed to cope with large crowds.

The Carousel has been specifically designed to be efficient and user friendly, and there should be no jams, he says.

SunBop has anticipated that the Carousel will have "a significant effect on the earnings of SunBop", and will assist earnings in the current financial year.

He says the obvious question is the effect the new complex will have on Sun City and the Morula Sun.

Although there will certainly be some effect, Rosevear says the Carousel is specifically designed to be complementary to the other Sun International resorts rather than be in direct competition with them.

He stresses that the Carousel is not a resort, but rather an indoor entertainment centre, with very different facilities to the resort hotels.

While the opening of the Carousel will certainly have a passing effect on Sun City, Rosevear says Sun City will soon regain its momentum, as it has its own attractions.

It will also grow with the commissioning of the new Lost City project and extensions to its entertainment centre.

Growing

There will also be a definite effect on Morula Sun, but the new complex will have the effect of growing the market significantly. Morula will continue to be successful at a lower rate, and will attract people from the area in which it operates, as well as its loyalists.

One of Morula's problems has been access, and the Carousel is SunBop's best site from an access point of view. It is on the highway with its own offramp, less than an hour from Johannesburg. This makes it easily accessible from the PWV, the east Rand and the north.

Rosevear says the Carousel has been built from ideas arising out of an extensive examination into what the customer wants and needs, as well as keeping up with international developments towards efficient operations which offer the customer a good experience.

Although SunBop continues to look overseas at the latest developments in Las Vegas and Atlantic City, Rosevear says there are very few overseas gaming complexes which have the attention to detail or the class of the Carousel.

Even in terms of games, SunBop has moved away from the conventional to participative and state of the art games.

Rosevear says the complex also gives SunBop a good marketing opportunity. The Carousel has been able to concentrate all of its marketing efforts within weeks of the opening, as it does not have to sell reservations.

Sun International operations director Brian McMullan, who is the director in charge of the Carousel development, says the Carousel is the biggest new project opened by Sun International to date.

As opposed to Sun City, which is geared towards weekend guests and the high rollers, the Carousel is primarily intended to be fun and exciting for the day tripper.

The Carousel is the most exciting thing McMullan has done in his 23 years in the hotel industry, but he says it did not happen overnight.

The site was bought well before the Morula Sun opened and the new complex will balance the overall business of SunBop.

"Without a question it will be a winner for us and for the people who visit," he says, both in terms of the casino and to the entertainment facilities, and he expects the crowds at today's opening day to be "enormous".

Popular franchises will operate restaurants

B10(?) 6/11/91 (288)

THE numerous food and beverage operations and shops have largely been given to outside, well-known, concessionaires.

Sun International MD Ken Rosevear says this is one of the notable aspects of the Carousel.

"We have not tried to do it ourselves, but decided rather to offer the customer the variety which the various restaurants, fast food outlets and shops provide. This will also give us a point of difference."

Restaurants and shops, which have established their own reputations, will also attract their own customers to the Carousel.

In the Carnival Court area, guests will find fast food outlets Squire's Loft, Giovanni's Pizza Place, Milky Lane and Kentucky Fried Chicken.

Close to the Carnival Court, Video Magic will provide the latest high tech video games and machines and Ster-Kinekor will operate seven cinemas.

In addition to the Carousel's own range of restaurants, guests will also be able to eat at the Squire's Loft Explorers Club and Chinese restaurant The Han Palace.

Unusual shops include leisure wear shop Hawaii Blue and Waner's American Trading Store.

Other concessionaires include Benetton, Arthur Kaplan Jewellers, Elle Boutique, the Gaslight Pharmacy, Heaven, Kaleidoscope, Papatso Curios and Tuppeny Fayre, which sells Carousel momentos.

Structure change as one GM takes control of operation

288

B Day 6/11/91

THE Carousel's management structure represents a departure from previous Sun International organisational set-ups.

For the first time there is one general manager in charge of all the different disciplines, from gaming to security.

Carousel GM Stuart Shaw says the organisation has been divided into two basic divisions.

First there are the line functions, which include gaming, guest relations, operations and entertainment. Then there are the support functions, comprising human resources, finance, information systems, maintenance and security.

Shaw says this is "a very good move by Sun International to structure divisional units in this way, each having a clear line of responsibility".

Equal

Although much of the Carousel's revenue is expected to come from gaming, the other functions have been given equal responsibilities so that the Carousel will provide an all-round professional service.

All disciplines report to Shaw, and each division has its own sub-business.

This new concept of business-run divisions, which are all geared towards financial reporting, means that each hub can be looked at as a separate unit.

It is therefore possible to home in on each area of concern.

Shaw says he has given all the divisions a disciplined rein, and the Carousel's all-round service will benefit from all the divisional ideas being pooled together.

A communal staff restaurant for all employees also emphasises the break away from the formal management structures.

Another break with the past is the public relations or "guest relations department", which will be centralised. This department had always been split between the casino and the hotel.

Shaw says the Carousel will provide modules of entertainment in different areas, and has even developed its own characters, Giggles, Biggles and the Jester.

There has been more concentration than ever on looking after children, he says.

SunBop complex promises a world of entertainment

B/Day 6/11/91 (288)

THE Carousel Entertainment World, one of Sun International Bophuthatswana's (SunBop) most adventurous and exciting new projects, opens today.

The R350m entertainment complex at Babalegi is the 11th built in Bophuthatswana by Sun International.

SunBop is expecting this ambitious project, which ranks amomgst the biggest casino and entertainment complexes in the world, to be a success from day one.

Situated 55km north of Pretoria on the N1 to Warmbaths, it is one of the most innovative complexes within the Sun International group, designed to entertain people of all ages, especially day visitors.

While gaming will still be the core business, a variety of other entertainment has taken on proportions far greater than at any other Sun International resort.

The Victorian complex, designed by architectural firm J D Maresch & Partners with decor by Lionel Levin & Associates, takes its inspiration from the funfairs that moved from town to town in the Victorain era. A real-life carousel dominates the visitor's entrance.

The attention to detail is unlike most other Sun International complexes, with its stained glass roofs, hammer beams, arched girders and mosaic floors.

There are three entrances to the 10-acre complex, which stands on 123 hectares. One is to the 57-room hotel, one to the day visitors areas, and the third directly into the casino from a private parking area for 650 salon prive and slots prive punters.

Terraces

The split level casino of 5 200m² is arguably the largest in the southern hemisphere, with two terraces totalling 1 530 slots machines, 18 roulette tables and 18 blackjack tables. A 36m diameter backlit dome hangs over the casino.

Apart from the casino, there are more tables in the exclusive salon prive. Around the casino are 12 bar points and the Nickelodeon bar, which has a small stage surrounded by chairs.

The Victorian Court, at the heart of the day visitor entrance arcade, boasts a huge Victorian coffee shop and an arcade with speciality shops leading to the hotel and the adult entertainment areas.

These include Gentleman Jim's bar, accommodating up to 250 people, five cinemas showing general features and two showing adult films, a disco, and the innovative Cheyenne Saloon, sourced from the Church Street action bar in Orlando, Cheyenne, in the US, which can accommodate up to 600 people, is the hub of live entertainment at the Carousel.

Timber balustrades flank the upper level, where guests have a grandstrand view of the action below. Musical entertainment includes hits of the 1950s and 1960s, jazz and country and western.

The Cheyenne will also provide small scale boxing and wrestling tournaments.

A walk through the visitors foyer takes guests to another arcade where there are speciality restaurants, more shops and extensive children's entertainment areas.

At the centre of the Carnival Court is the real-life carousel, which stands six metres high and nine metres in diameter, and is ridden by eight pairs of horses.

Bingo

At the far end of the court is a bingo auditorium, a 10-pin bowling alley and the Giggles theatre for children.

The video games arcade has the latest in participatory, high tech machines which will be making their debut in southern Africa.

Outside, the gardens will also be unlike any other Sun International resort. The Carousel, which is situated on a flat piece of land, will boast masses of coloured flowers rather than trees and waving landscapes.

Flood of bookings for the hotel

B/Day 6/11/91 (288)

ALTHOUGH the Carousel Entertainment World is primarily aimed at day visitors, its small 57-room hotel has been fully booked for every weekend until January.

Operations manager Alistair Roper said Babalegi was quite a large industrial area and people who came there on business often needed a place to stay.

His belief was that the hotel could see itself expanded almost as soon as it was opened. However, he said the Carousel would never be a resort hotel, and people would be encouraged to go to Sun City for a leisure holiday or weekend.

But it still needed to cater for local business which would otherwise have to go to Pretoria.

The hotel at the Carousel Entertainment World has 57 rooms grouped in a double storey building, which surrounds three sides of the enclosed residents garden and the pool.

There are 49 twin rooms, six luxury rooms, one suite and one room specially designed for paraplegics. The Carousel's Victorian theme has been carried through the decor of all the rooms, from the light fittings to the curved tops of mirrors and headboards.

The hotel has its own entrance and residents parking for 150 cars.

Grow

Roper said originally, the hotel was going to be a budget hotel, "but with Sun International ideas just grow and grow".

Carousel is currently liaising with Warmbaths, which could see increased occupations with the commission of the Carousel. There could be spin-offs for both the Carousel and Warmbaths in terms of special reciprocal packages.

Sun International operations director Brian McMullan says Sun City is currently increasing its number of rooms and is geared specifically for the holiday maker, whereas the Carousel offers rooms purely as a facility.

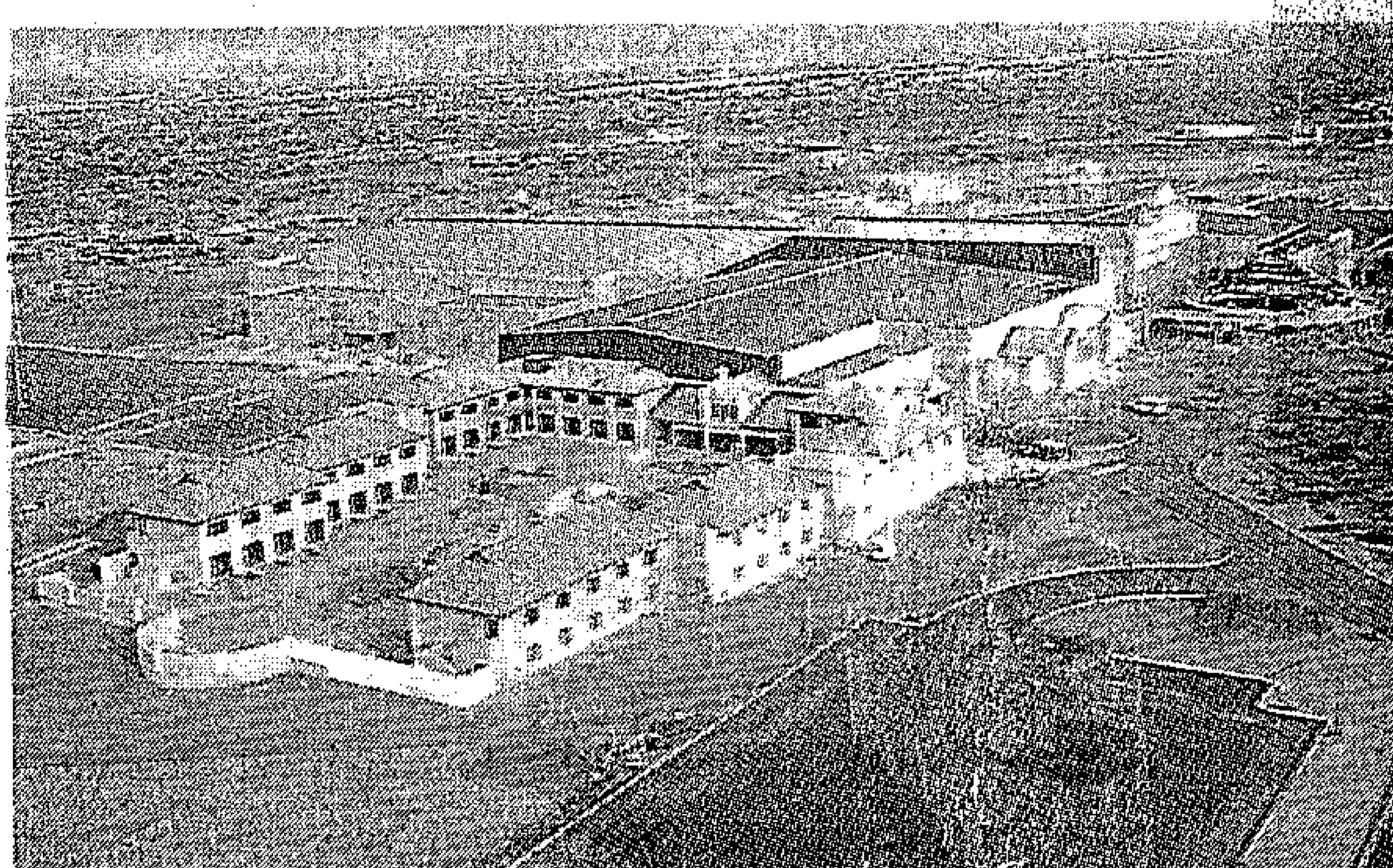
"Even if we did increase the number of rooms, the Carousel would not operate in the same way as the other Sun International resort hotels," he says.

Sun International MD Ken Rosevear says the hotel does not have conferencing facilities, and although the hotel has been built in a way that more rooms can be added, the hotel is not pitched at the more expensive tourist market, but rather at the businessman.

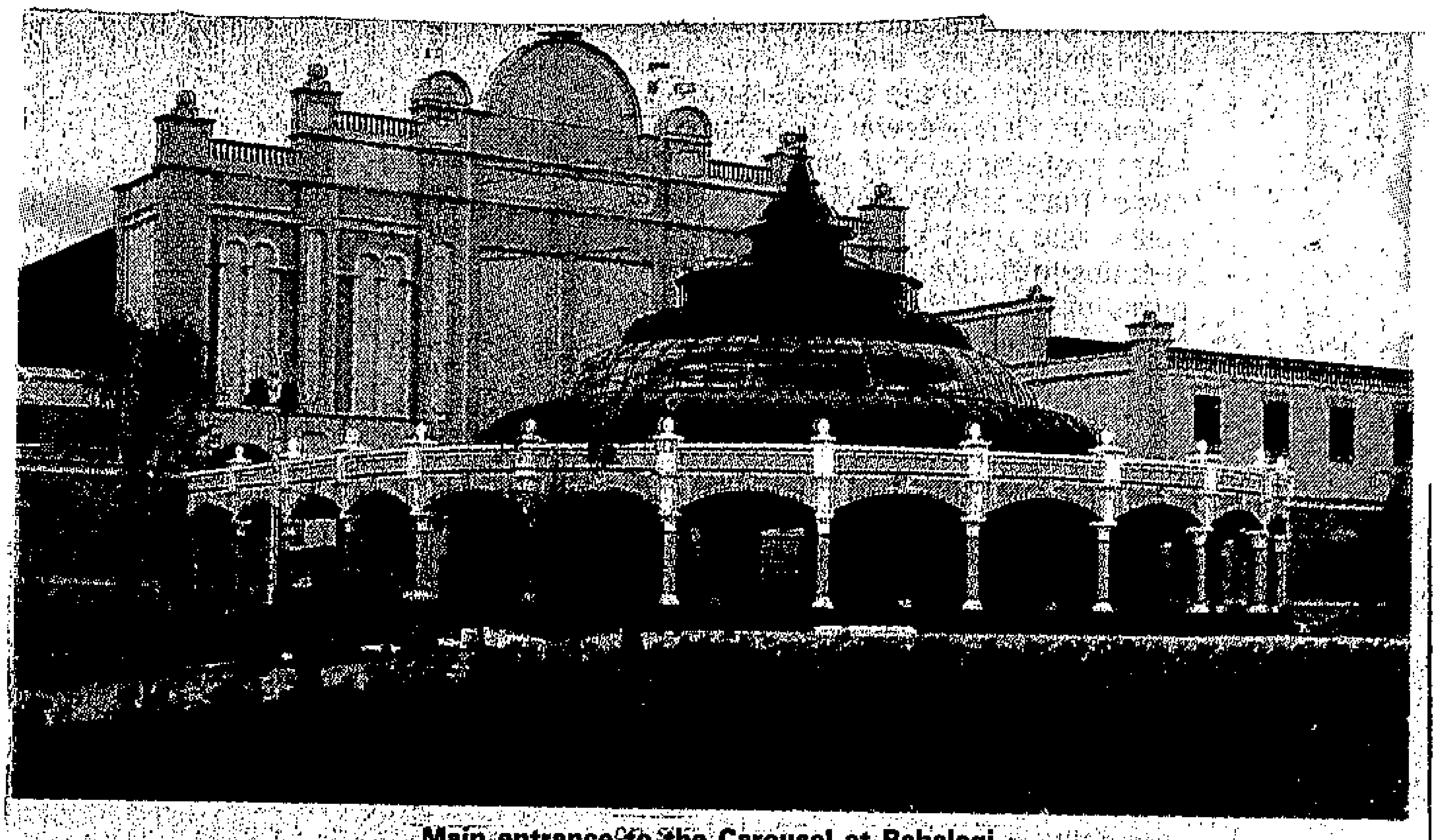
Caro

Business Day SURVEY

Sun International Bophuthatswana's Carousel Entertainment World opens today. The R350m complex at Babalegi ranks amongst the biggest casino and entertainment centres in the world. ***MARCIA KLEIN*** *reports.*



Aerial view of the Carousel Entertainment World.



Main entrance to the Carousel at Babalegi.

New casino is largest in the southern hemisphere

288

BIPG 6/11/91

The Carousel's casino operation, the largest in the southern hemisphere, comprises five acres of gaming tables, slot machines, bars and live entertainment.

Punters can wager anything from 20c in a slot machine to R5 000 on a blackjack bet in the salon prive of the Crystal Club.

Over 2 000 players can be accommodated at the same time on 47 tables, 1 530 slots and 160 bingo machines, and a staff of more than 1 000 report to gaming manager Quinton Boshoff.

The casino's three separate gaming areas include the main casino with tables and slots, the Crystal Club — with the salon prive and slots prive — and the bingo lounge off the Carnival Court.

Boshoff expects the casino to be full on a daily basis, largely due to convenience, short travel time and easy access. These elements will also have the effect of growing the market of Sun International customers.

Stresses

Boshoff stresses that although a large part of the Carousel's business is gaming, it is hoping to attract all people who want to enjoy themselves.

The difference with the Carousel's casino is that it is geared for a big market, and it has been welllaid out and designed.

Boshoff says the architects received a proper brief on the functional aspects of the gaming operation, and have designed around the function.

Today's opening of the Carousel will see it become the first commercial outlet to use the new R1 coins. It has also ordered tokens for the new R5 coins.

Boshoff says the casino will have 60 tons of coinage spread over the different cashier areas, and will move about 400 tons of coinage a month.

Gaming has always been perceived as "a cloak and dagger operation", Boshoff says, and the new complex attempts to change this perception.

Although there is no stock, Boshoff says gaming is a business like any other, working on percentages, historical data and expectations.

Favour

"Contrary to general perceptions, it is not a license to print money, as there are shareholders, staff and partners to be taken into consideration," he says.

Although the odds obviously favour the house, the frequency of return visits is more important than taking people's money, and the margin is not as high as is popularly believed.

Apart from the gaming areas, the casino also hosts a number of venues. Choices include the Players Restaurant adjacent to the main playing area, and the Nickelodeon, which has a bar and table poker machines, and where live acts are performed nightly on stage.

The main gaming area has 18 American roulette tables where minimum and maximum bets are R5 and R100 respectively. On the 18 blackjack tables, the minimum and maximum bets are R25 and R2 000 respectively. There are six cashier booths serving the players.

Casino personnel will offer training sessions daily.

An entrance fee of R3 will be levied for the casino tables, open from midday each day "until the last player decides to leave".

Of the 1 460 slots, 374 are poker, and 343 are linked to 20 jackpots, which have minimum payouts from R2 000 to R20 000. There are also some large jackpot prizes, including a Rolls Royce for a dealt flush in poker.

The Crystal Club is the exclusive playing area of the casino, with its own parking and separate entrance for members who take their gaming seriously, and prefer high limit tables and slots.

There are four American roulette tables with minimum and maximum bets of R10 and R250, six blackjack tables with bets of R100 and R5 000, and one Punto Banco table, where punters can wager anything from R200 to R10 000.

Keeping a weather eye on operations

288

B/Day 6/11/91

UNLIKE the other Sun International resorts, operations excluding gaming do not consist primarily of a large hotel.

Operations manager Alastair Roper is responsible for everything other than gaming, including the Carousel's restaurants, entertainment, its 25 bars, the hotel, housekeeping and public relations.

Emphasis

Roper says the Carousel project employs 2 500 people, of which 900 are responsible to him.

The biggest challenge is the emphasis placed on children's and non-gaming activities, as the Carousel is not a resort like the other Sun International operations.

The Carousel comprises a much smaller hotel and a much larger entertainment complex than other Sun International resorts.

Younger

Roper says in planning the Carousel, Sun International had discovered it was important to cater for the younger customer.

"In terms of its location — being so near to so many large centres — we believe that people will not want to stay in the hotel, whereas about 12 000 people would visit the complex a day.

"The most difficult part is to service and feed the large numbers of people we are expecting," he says, but he feels the complex is well prepared.

Talk

With the Carousel, management took the opportunity to talk to the operational people as well as those involved in the casino operations.

It then put together all the ideas on how to relieve the pressure and to encourage good service.

One of the major solutions has been the underground infrastructure, meaning that staff never have to move across the floor.

Canada and Australia lift SA tour bars

B/Day
6/11/91

DAVE LOURENS

RESTRICTIONS on the promotion of tourism to SA had been lifted in Canada and Australia, the SA Tourism Board (Satour) said yesterday. 288

The lifting of restrictions follows the Commonwealth Conference decision in Harare to lift person-to-person sanctions, including restrictions on visa and consular services and on personal and official exchanges.

The Commonwealth ban on promoting tourism was "voluntary" and governments were unable to force travel agents not to promote SA.

Satour executive director Spencer Thomas said it could now reopen offices in Sydney and Toronto. A decision in this regard could be expected "in due course".

Satour had continued operations in these countries through independent agents after the impositin of the Commonwealth ban in 1986. After an initial decline in arrivals, tourism had steadily increased despite the absence of direct flights.

Due to the recent lifting of sanctions, SA was in a position to market itself as a prime incentive and conference destination.

Bylaw benefits passive smokers

By Louise Burgers Star 7/11/91
Municipal Reporter

Johannesburg restaurateurs will now be prosecuted if they do not set aside half their seating for non-smokers in terms of the new municipal bylaws which were promulgated yesterday.

The city council decided in September to restrict smokers in cafes and restaurants with more than 50 patrons.

The motivation behind the new bylaw is to protect non-smokers from the effects of passive smoking.

Acting health and housing director Annetjie Vlok said the council had waged a long campaign against air pollution.

"There is now ample evidence of the harmful effects on the health of those who smoke, as well as those who innocently inhale tobacco smoke generated by smokers," she said.

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Restaurant owners and the public who require further information can telephone 407-6111 and speak to Mr Hall, Mr Vogel or Mr Marsh at the Johannesburg Health Department.

Tourism could get major boost from VAN

288

B/Day 7/11/91

LOCAL introduction of a national value-added network (VAN) to handle information and services such as reservations and electronic transfer of data and funds could boost SA tourism.

A market study, published this week by BMI-TechKnowledge, says such a network would substantially increase the industry's marketability and profitability.

BMI MD Denis Smit says the VAN could itself be highly profitable.

Tourism Board vice chairman Noel de Villiers, who contributed to the study, says the local industry could be revolutionised through the creative use of modern technology. "A tourism VAN would improve service levels, allowing intelligent management of what could be SA's brightest industry."

The report says SA's share of the industry is far below potential. The market could grow to between five and 10 times its present size within 10 years. This would move tourism to the forefront of gross output producers in the economy. International statistics show that worldwide, travel and tourism employ 112-million people, or one of every 15 workers in the formal economy.

Policy

Tourism has all the characteristics necessary to make a VAN service desirable, says the report. These include long distances, numbers of people, reservation and credit card transactions, and the need to communicate information on a vast scale.

Policy issues such as the environment, legislation, development and infrastructure are to be addressed soon in a white paper on tourism, but Smit doubts that the key role of information technology and telecommunications has been adequately addressed. "If not, this must be rectified urgently," he says.

Senior representatives of more than 100 leading organisations directly involved in tourism in SA were interviewed for the report. The study says more than 90% of respondents see the development of a tourism VAN as important, and more than one third say it is of "strategic importance".

Most say they would take part in such a network.

The report recommends that Satour lobby for industry support and seek capital from central government. It urges the private sector, especially banking and travel industries, to pursue the venture.

International travel industry networks SABRE and Galileo, are named as possible partners.

FOOD

The mama-papa option

W/Mail 8/11 – 14/11/91 (288)

SO you want to open a restaurant?

Here's what it will cost you:

For a good location in a busy shopping centre, you'll probably be charged from R35 to R40 per square metre. You'll need about 500 square metres for a really grand place, seating 125 to 150. That means R20 000 rent a month, plus at least R5 000 for utilities.

You'll need at least R30 000 a month to staff it: a manager, assistant manager, chef, sous-chef, cooks, waiters.

You might have so much money lying around you can start it all off with cash, but generally one looks for investors or borrows money to open such a business. Add the cost of the capital: about R20 000 a month. That's a monthly fixed cost of R75 000, before you even hang the menu in the window.

Food is generally estimated as 40 percent of turnover. So if you want to break even, your turnover must be at least R200 000.

I report these figures on faith: they were given to me by Alan Gerson, chairman of the SA Restaurant Association and MD of a chain that includes many grand restaurants, so one must assume he knows what he's talking about.

"You can count on your hands those kinds of establishments that can do that kind of turnover," he says — and so it's a general impression that the highly overtraded restaurant business — there are 3 600 in the Witwatersrand region alone — has struck a reef, with eateries sinking daily.

Problems are compounded by the understandable reluctance of patrons to pay R100 a couple or more for a meal in a medium-priced restaurant.

"The more glamorous restaurants survive on expense account clientele," he says. "Restaurant-goers are from a limited section of the population — executives of large companies, people who entertain visiting overseas clients and suppliers.

"Les Marquis," he continues, mentioning the best-known and most elegant of his group, "is a special occasion restaurant, very much affected now. It's not the sort of place you expect a person to eat at twice a week."

MOVEABLE FEAST

Barbara Ludman

Never mind, it's all for the best. Gerson sees the future belonging to the sorts of places he doesn't run, the kinds of establishments you think of when you recall wonderful, romantic meals in Europe: the bistro and trattoria.

"Go for a mama-papa operation," he says. One spouse takes the front of house, the other handles the kitchen. You're a neighbourhood eatery so 40 seats are sufficient. Rent won't be impossibly high. You can put the place together for less than R40 000. People can bring their own liquor, which will make you even more popular.

"There's a reasonable living in an establishment like that, providing you have good food, a reasonable ambience and an acceptable location. A couple running the business for their own benefit could probably make between R5 000 and R8 000 a month."

The major problem in the restaurant trade, he says, is a lack of continuity. "If we did a survey, I doubt we would find more than a handful that have been under the same ownership for more than five years. People get bored, they get tired, they're not really dedicated, there's no pride."

Also, maybe, they're afraid; so many restaurants are being knocked over these days that proprietors are as nervous as their customers. Which is where the local trattoria would score — they'll make so little money they won't be worth robbing.

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Smoking law 'new fascism'

Staff Reporter

Star 8/11/91

Restaurants are private property and should be free to adopt the smoking policy they like, says Free Market Foundation executive director Leon Louw.

Mr Louw, a non-smoker, said the Johannesburg City Council's by-law criminalising restaurants who do not restrict smoking on their premises was a "violation of proprietor rights", which verged on a "new fascism".

The city council decided in September that restaurants with more than 50 patrons should set aside at least 50 percent of their seating for non-smokers. The new by-law was promulgated on Wednesday.

The motivation behind the new by-law is to protect non-smokers from the effects of passive smoking.

FM 8/11/91

INTERLEISURE (288)

Riding out recession

Activities: *Distributes, exhibits and produces films; wholesales and retails sports goods; operates restaurants and video services.*
Control: *Fedvolks and Kersaf each have 38%.*
Chairman: *P J J van der Walt; MD: M P Egan.*
Capital structure: *190m ords. Market capitalisation: R665m.*
Share market: *Price: 350c. Yields: 3,1% on dividend; 6,2% on earnings; p:e ratio, 16,1; cover, 2. 12-month high, 390c; low, 120c. Trading volume last quarter, 1,9m shares.*

Year to June 30	'88	'89	'90	'91
ST debt (Rm)	27,5	33,2	21,9	3,2
LT debt (Rm)	4,5	0,5	0,4	—
Debt:equity ratio	0,36	0,38	0,15	—
Shareholders' interest	0,47	0,45	0,50	0,51
Int & leasing cover .	34,4	9,0	9,5	45,1
Return on cap (%) ..	24,4	29,8	30,6	31,3
Turnover (Rm)	264	375	386	383
Pre-int profit (Rm) ...	38,1	56,6	62,1	74,6
Pre-int margin (%) ..	7,25	9,0	9,75	11,0
Earnings (c)	13,5	17,0	18,9	21,7
Dividends (c)	7,25	9,0	9,75	11,0
Net worth (c)	38,9	41,3	49,1	59,0

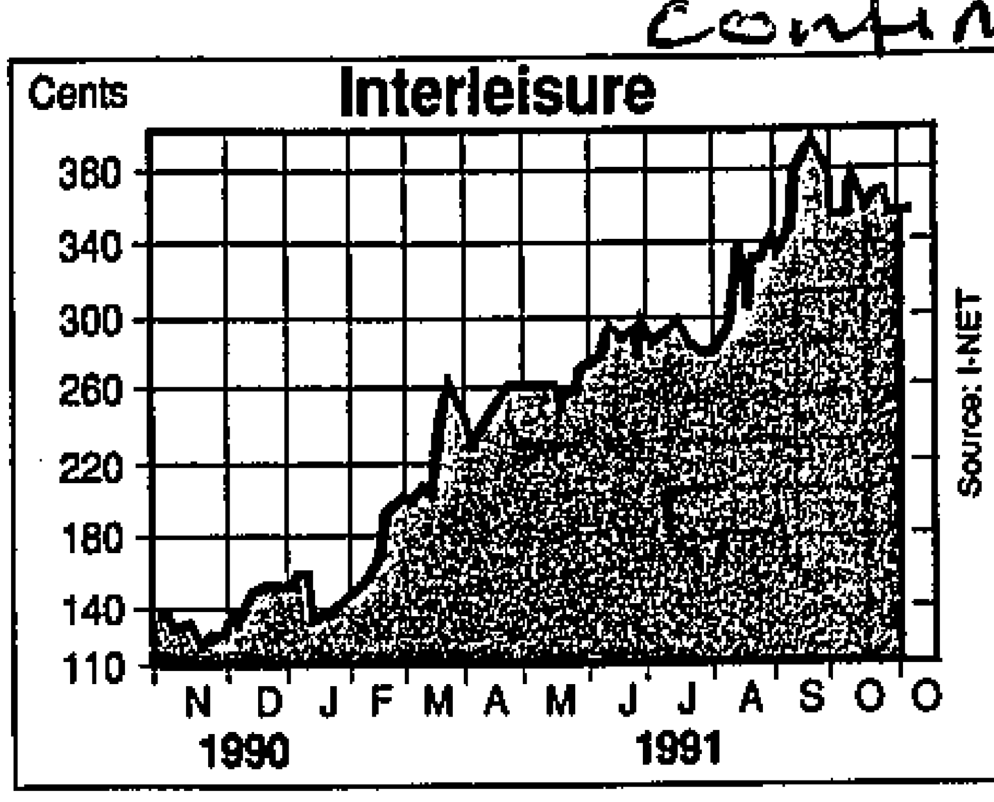
Leisure spending has not been unduly hit by recession — at least, that's what Interleisure's results would indicate. According to MD Mike Egan, real growth in earnings since Interleisure was formed five years ago has averaged 9%. The year to June was understandably less exciting as attributable earnings increased by just 15% but real growth was (just) maintained.

The cinema division continued to dominate the group, providing more than half the pre-tax profit. Attendance at Ster-Kinekor cinemas continued to advance, even if only by 1%, compared with 10% in the previous three years. But Interleisure is confident of further growth. Chairman Peet van der Walt says more than R100m will be spent on expanding cinemas over the next three years, effectively doubling fixed assets. This year a three-screen complex will be opened in Spruitview, an upmarket black suburb.

In contrast, the food division, Interfare, has been contracted. It has franchised out all but seven of its 131 outlets and cut overheads by R20m. Longhorn Steakhouses and Fast Food were sold to management and management contracts were negotiated with the Bimbo's and Porterhouse division. Interfare now manages its three core brands, Mike's Kitchen, Squires Loft and Natal-based RJ's.

The sports division, which lost money the previous year, was restructured and brought

contd



COMPANIES FM 8/11/91 (288)

back to profitability. Stock and margin control were improved and greater autonomy given to retail and wholesale management.

Film production, though, had a tough year. Operating profit of 80%-held Toron International fell by 11%, following the collapse of feature film production and the cutback in SABC local content. The focus in feature films switched to the local market: Leon Schuster's *Oh Schucks Here Comes Untag* grossed R3,5m locally. Three Afrikaans films were produced for M-Net.

Year-end cash resources topped borrowings for the first time, thanks to strong cash flows and restaurant disposals. Interest paid was cut by three-quarters. But the removal of tax incentives on feature films pushed the effective tax rate up from 31% to 40%.

Egan expects conditions to remain depressed this year but hopes to minimise the effects by the expansion programme and high marketing and promotion. Cinema tickets, which were not subject to GST, incur VAT, and this will affect profitability.

At 350c, with an historic p:e of 16,1 and 3,1% dividend yield, Interleisure has a demanding rating. It will struggle to show real growth this year. It has enjoyed the strong run experienced by quality consumer stocks but is due for a correction. It is worth accumulating at 300c or less. *Stephen Cranston*

International hotel group eyes Cape

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BRENT VON MELVILLE

AN international hotel group is poised to take on the Cape Sun, the Mount Nelson and the Bay Hotel with a R227m luxury hotel and apartment development to go up on Cape Town's beachfront.

The complex, to be built on the site of the existing President and Surfcrest hotels on the border of Sea Point and Bantry Bay, is to be undertaken by Sanlam Properties.

The international link has not been disclosed but Sanlam has had negotiations with the Sheraton, Ramada International and possibly Hilton Hotels.

Ramada International spokesman Gunter Schlosser confirmed that Ramada — the world's second largest hotel group — had talked to Sanlam but the results were not yet known. B[Day 8/11/91

The group recently committed itself to building 10 four- and five-star hotels in SA in the next few years.

Sheraton has been looking for management contracts in southern Africa and is involved in several projects on the Indian Ocean islands and in sub-saharan Africa.

According to Sanlam Properties MD Hendrik Bester the 240-room hotel would be owned in partnership with the international group, while 132 apartments would be sold by sectional title.

Building on the first phase would begin in March and end June 1993. Other phases would be built as the market dictated.

W Cape 'set for tourism boost'

Weekend Argus Correspondent

PRETORIA. — Tourism could become the most important growth factor for the future in the Western Cape.

Region A, comprising largely the Western Cape, is set for a tourism boost according to the regional profile and development guideline of the National Regional Development Programme (NRDP) released yesterday.

It said the region was already the most important destination area for foreign tourists visiting South Africa, accounting for 32 percent of all bed-nights sold to foreign tourists in 1989.

The report added that although a record number of tourists were received in 1989, there was still reserve capacity because an average of 63 percent of the hotel rooms in the Peninsula were occupied.

"If accommodation with private families is more effectively exploited — a programme to do this has already begun in the Peninsula — there will be considerably more capacity to receive more tourists," the report said.

However, it said aspects that should be addressed to promote the potential of the tourism industry included:

● Full deregulation of the accommodation and catering trades.

● Provision of adequate public facilities for the increased flow of tourists to the tourist attractions of the area.

● Provision of a tourist information service for the area.

● Promotion of the region as a single tourist destination with a rich diversity of tourist spots.

"Deregulation of the services sector will at the same time make an important contribution to the promotion of the tourist industry in the region. Free participation in business activities, given the rich diversity of services and cultures in the region, creates opportunities for the local population to sell traditional handicrafts.

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"In this way both the informal manufacturing industry and tourism are promoted."

Wear a friendly face for tourists

Weekend Argus Reporter

EVERYBODY, from cleaners to managing directors, needs to be educated about meeting the needs of tourists in a "massive public awareness campaign", says Captour director Mr Gordon Oliver.

He was speaking to the Cape Town Chamber of Commerce this week.

The people of Cape Town needed to be friendly to visitors, he added. "What's wrong with hugging a visitor?" asked Mr Oliver who, during his term as mayor, had coined the expression "hug-a-Vaalie".

Business also had a major role to play. Standards had to be raised, and this meant training. Everybody from cleaners to top management needed to be educated to the demands of improved service.

"I have no doubt, too, that transport operators, that is taxis, bus and train operators — including ticket sales clerks — need to be more tourist-oriented."

If servicing tourists meant keeping restaurants and tourists attractions open on holidays such as Christmas and New Year's Day, so be it.

The excuse of "the kitchen is closed" if it was just outside the normal lunch hour was also not good enough. (288) ARG 9/11/91

He said Captour was about to step up its marketing efforts overseas to exploit every opportunity in the "opening up" that was happening.

"We will be vigorously pursuing contacts with overseas airlines to put our case and motivate them to come to Captour.

"This also means we have to persuade government and the SAA to open up the market here to enable foreign airlines full access and allow the market forces to take their course."

Another vital component of tourism strategy was affordable accommodation.

"Overseas the bed and breakfast industry is such an important part of their tourism infrastructure and works effectively. Not everyone, particularly a family, can afford to stay in an hotel. Bed-and-breakfast accommodation fills a definite need." People could also generate a "significant" income for themselves.

Farming, tourism and hunting key to Karoo's future

ROSE WILLIS
Special Correspondent

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AGRICULTURE, tourism and hunting hold the key to the future development of the Great Karoo.

This is the opinion of the chairman of the Central Karoo Regional Services Council, Mr P J du Toit.

He says that industrial development in the area has been virtually non-existent because, apart from wool, hides and meat, there are no raw materials on which to base industries.

"Financing the establishment of manufacturing industries with the attendant costs of transporting materials and products over the vast distances of the Karoo, tends to discourage investors," says Mr Du Toit. He does, however, see a growth in "small and home industries".

Mr Du Toit feels that the area under his jurisdiction, which includes Beaufort West, Hanover, Laingsburg, Leeu Gamka, Loxton, Matjiesfontein, Murraysberg, Merweville, Prince Albert, Richmond and Victoria West, has not been fully developed and promoted as a tourist area.

Mr Du Toit says that to cater for tourism and the hunting fraternity many hotels in the area are being upgraded. Furnished houses are also being made available in most towns and many farms have a selection of cottages for hire.

Gambling Act review could hit Kersaf

B/Day 11/11/91. (288)

MARCIA KLEIN

GOVERNMENT is to review the Gambling Act, a step which could pave the way for legalised gambling in SA and threaten Sun International's winning streak in the gaming stakes.

Justice Minister Kobie Coetsee told a Transvaal NP congress at the weekend that government was reassessing the Gambling Act because it had become impossible to maintain, a Sapa report said.

Responding to a motion asking for amendments to the Act — to allow controlled scratch card games as a method of state funding — Coetsee said "there are schools and political parties whose fund-raising efforts come as close to breaking the laws as 'damn it' is to swearing".

In addition, the independent states would have to be looked at in terms of their possible re-incorporation, and he hinted at a system of regional licensing. After an investigation, government would issue a green paper for comment from the public.

Kersaf chairman Buddy Hawton said yesterday that if a green paper was produced, Sun International could put up a good argument as to why gambling should be strictly regulated.

He said the law had not been well worded and had provided loopholes, especially in terms of its blurred definitions of games of chance and of skill.

"Whatever amendments are made, gaming needs to be properly regulated otherwise it will undermine a significant employer, and a significant taxpayer", Hawton said.

He said substantial investments had been made by Sun International and its

☐ To Page 2

Gambling Act

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☐ From Page 1

partners in its operations, which were centred on gaming resorts — with leisure and hotel facilities — and not pure gaming operations. Any additional licensing needed to take into account the protection of what is already established.

Sun International's developments encouraged tourism, brought in foreign exchange, created significant employment, helped the economy of the region, and paid substantial taxes.

Sun International would certainly look at opening up in SA if the law was changed, but would examine any new venture against its existing operations.

Hotelier Bruno Corte said yesterday "the changes may not be as wide-ranging as we think", and might only include regulations on scratch cards and the like.

However, he said any amendment to the Gaming Act would make it more available and provide more opportunities. Although the amendments could be minimal, the fact that it was the first change to the Act was significant.

Star, 11/4/91

US scholarship offer for aspirant hoteliers

A scholarship for South African students to study hotel management in the United States has been named after South African Chef Association chairman Billy Gallagher.

The scholarship, for a four-year course at Johnson and Wales University, was announced by university executive vice-president John Bowen during the Chefs' Showcase, which ended at Sandton City yesterday.

Mr Gallagher has accepted an invitation to lecture during a visit to the university in April.

The scholarship was a tribute to Mr Gallagher's contribution to "the culinary arts and the role of the chef, not only in South Africa but also internationally," Mr Bowen said.

The scholarship, worth $4 000 (about R11 000), will enable a student to study hotel management or a related course.

Mr Gallagher is the food and beverage director of Southern Sun Holdings. — Staff Reporter.

Kenya and SA strengthen tourism ties

B Day 12/11/91

DAVE LOURENS

CO-OPERATION between SA and other African states was moving from positive sentiments towards concrete action, Satour executive director Spencer Thomas said yesterday.

He welcomed the commitment of visiting Kenyan wildlife director and anthropologist Richard Leakey to strengthening links between SA and Kenya's wildlife tourism industries.

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"Many overseas tourists, especially Americans, see east and southern Africa as one region, so it is part of our current policy to develop close links with our neighbours," said Thomas.

"With the normalisation of relations it will be possible to co-operate in developing the region as a tourist destination."

DARIUS SANAI reports that Leakey said on arriving in SA at the weekend that his visit would strengthen growing links between SA and Kenyan wildlife tourism.

He emphasised the potential for SA and Kenya of the Japanese tourist market which had large and previously untapped potential for both countries, adding his visit marked the start of a "very serious dialogue" between the two countries which was aimed at trying to encourage tourists to visit both countries. Wildlife tourism had become Kenya's major industry and it had similar potential in SA, particularly if the two countries were to co-operate.

Sanlam seeks funds for new Cape hotel

SANLAM Properties would be looking for a substantial investment from the international group that joined it in its R227m luxury hotel and apartment development on the border of Sea Point and Bantry Bay announced recently, GM Danie van der Berg says. (288)

"Negotiations are ongoing with several international groups for the 240 room nine-storey hotel and should be closer to termination by the end of the year. The investment required from them is negotiable and will depend on viability," he says.

Of the 132 sectional title units planned in two seven- and one nine-storey block, 57 will be built under the first phase, which is likely to begin in March and is scheduled for completion in June 1993. It will cost from R500 000 upwards in present-day terms. BDay 13/11/91

"It is likely that the present President Hotel will be demolished in early April as the lease expires then," Van der Berg said.

The master plan on the first phase of the apartments has received sketch plan approval from the city council. While Sanlam was entitled to a coverage of 13 756m², architects Stauch Vorster have designed a complex with coverage of 10 605m².

Future phases would be based on a supply and demand relationship.

FM 15/11/91 288

PROTEA HOTELS

FM 15/11/91 288

Moving into Africa

Local businesses are steadily pushing into the rest of Africa as SA's relationship with the continent thaws. When they get as far as Egypt, Protea Hotels may already be there.

Protea executive chairman Otto Stehlik was to fly to Egypt this week to view 12 government-owned hotels: Egypt's Ministers of tourism and economic affairs recently invited him to pick two hotels to manage.

"It could not have been better timed," he says. "South Africans will soon be able to go anywhere they want in Africa. There's a potential flood of them waiting for the doors to the rest of Africa to be finally opened."

The group manages 65 hotels in SA, making Protea the country's largest hotel group, and recently moved into Mauritius and Mozambique. It is negotiating to take over the management of hotels in Namibia and Botswana. Protea is also eyeing Zimbabwe and Angola and has been retained by the Malawi government to help develop a major resort on the banks of Lake Malawi.

The most recently announced addition to its portfolio is the 250-room Rovuma Hotel, in Maputo, which the group took over in June of last year at the invitation of the hotel's owners, the ruling political party, Frelimo. The Rovuma, which was the Portuguese Naval Officers' Club before independence, was losing R2m a year when Protea took over. It is now running at 70% occupancy and showing a R1m annual profit.

CONT

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"We weren't prepared to mention a word about our involvement until we had it operating our way and wouldn't be ashamed to call it a Protea Hotel," Stehlik says. "There was no management nor any systems or controls when we took over. There were 500 people on the payroll but not all of them pitched up for work."

He says the hotel's customer base has changed to mainly west European, South African, Zimbabwean and Malawian businessmen. It is no longer a happy hunting ground for east European "advisers."

He believes that the hotel has the potential to become the equivalent of an SA four-star hotel but the owners will have to invest more money on upgrading the structure. Stehlik is having talks with the IDC about funds for refurbishing its interior.

Protea Hotels took over the management of another Mozambican hotel last month — the 40-room Inhaca Island hotel, owned by Banco Mozambique. Stehlik, who sees the hotel becoming "a better two-star hotel" and is aiming it at SA anglers and conservationists, has tied up with Gone Fishing, an SA company.

In Mauritius, Protea is putting the finishing touches to the Moonlight Bay Hotel, at Grand Riviera Sud-Est, where Stehlik says the open-for-business shingle will be up by Christmas. ■

PRIVATISATION AND CONSERVATION NOT A HAPPY MIX

PRIVATISATION is not a popular word at the National Parks Board.

Top officials believe neither the parks nor their principal tourist activities should be sold to the highest bidder.

While there are no serious suggestions at the moment that the parks be sold off, there is debate about who should run the rest camps, restaurants and curio shops in places like the Kruger Park.

The official objection to privatisation of the parks has been made in recent reports on the future of tourism and is expected to be endorsed in a coming White Paper setting out government policy.

The main argument is that conservation, the responsibility of the state and the principal function of the Parks Board, would suffer because privatised parks would concentrate on attracting visitors.

The public, it is said, would also suffer as private parks cater for the affluent.

Then there are fears that private sector buyers would rush for money spinners like the Kruger Park, ignoring smaller, less profitable parks where valuable conservation work is being done.

The argument about commercial facilities within the parks has yet to be resolved.

The National Parks Board says it should control and benefit from these facilities, and it has been supported in recent reports by the tourist authority Satour, the Department of Trade and Industry and the President's Council.

The dissenting view comes from the Development Bank of Southern Africa, which says all new commercial activities, including the expanded accommodation planned by the Parks Board, should be built and run by the private sector.

It dismisses the cross-subsidation argument that Parks Board profits from accommodation, food and curios would reduce the need for state subsidies for conservation.

These profits are an essential part of the National Parks Board's belief that, given expanded capacity to attract more visitors, it can become financially self-sufficient within three years.

Other Parks Board arguments for controlling rest camps are that it would resist the temptation for discos or casinos to increase profits and that the advice of American conservationists is "don't make the mistakes we did".

Officials recount tales of neglected buildings and poor service because the contract is about to expire and the leaseholder either may not intend to renew it or cannot be sure of securing another term.

They are quite happy with the term commercialisation, because they say all Parks Board activities are now run on business lines.

But privatisation, parks and conservation are not considered a happy mix at Parks Board headquarters.

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The lucky few on a wilderness trail through the Kruger National Park.

Huge demand to hit the wilderness trails

THE Kruger Park can't keep up with the demand for wilderness trails and is not going to try.

Too many people on too many trails would spoil the wilderness experience for those who want to spend two days walking in the bush.

Trailing in the Kruger Park started in 1978 and there are now seven of these two-day, three-night adventures, each with two trails a week.

They cover various climatic and vegetation areas from the northern tip of the park to the south, all in pristine areas where no vehicles are allowed and entry is on foot only.

The trails are so popular that they could be filled eight times over. There is little chance of joining one unless you book a year in advance.

Nature

Head of wilderness trails in the park Mike Landman says the trails are a nature experience, not a photographic expedition.

People on a trail are told not to photograph big or dangerous animals without permission from an accompanying ranger.

You'll get better pictures from your car because the animals are used to vehicles; on a trail, anyone who clicks a shutter near a angry animal charging at him.

"The main feature of the trails is not to observe the big and hairies at close range.

"Trails make people feel, touch, smell and hear the bush."

The "big and hairies" do get observed, sometimes from closer than Landman would like.

Each group of eight trailers is accompanied by two armed rangers and when there is an unexpected encounter with a large animal in the bush they try for a quick and strategic retreat.

Threatened

They have had to shoot 16 times in 13 years, mainly buffalo and hippo which threatened trailers.

The focus, however, is not on large animals.

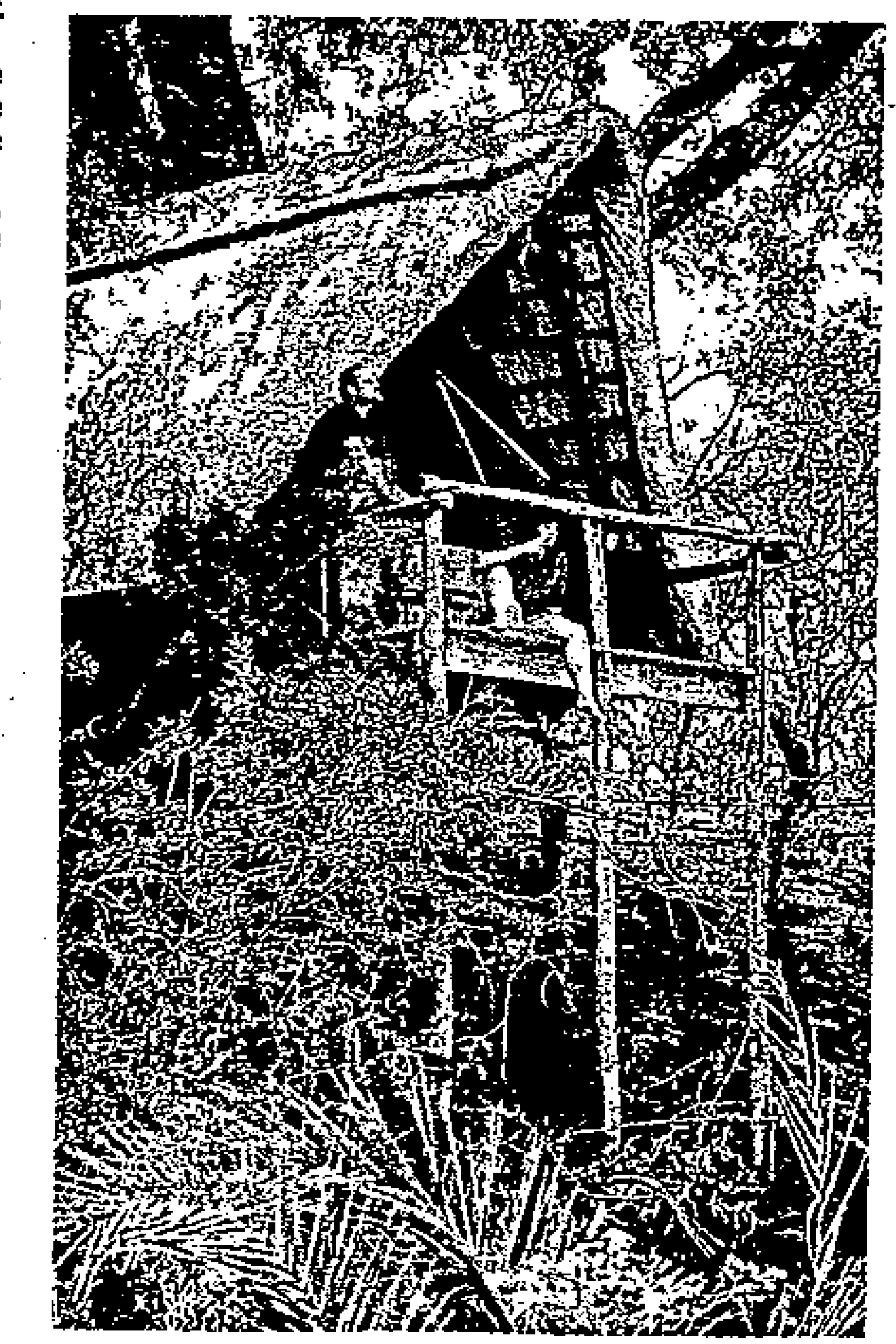
Each trail takes eight people and they are often booked by one group.

There are no set paths to get to the night's rest camp, so the trails go where weather and the inclinations of the group take them.

"If we have a group of birders, we will stick close to the riverine habitat."

Rangers spend a lot of time explaining what people are seeing.

Trailers learn about the feeding habits of various animals and find themselves examining rhino



A hut on the new Napi wilderness trail.

or a black rhino.

"We can spend hours talking about dung beetles, looking at termite nests or discussing the park's birds

says.

It's the type of experience that has attracted 40 000 people and is one of the Kruger Park's most

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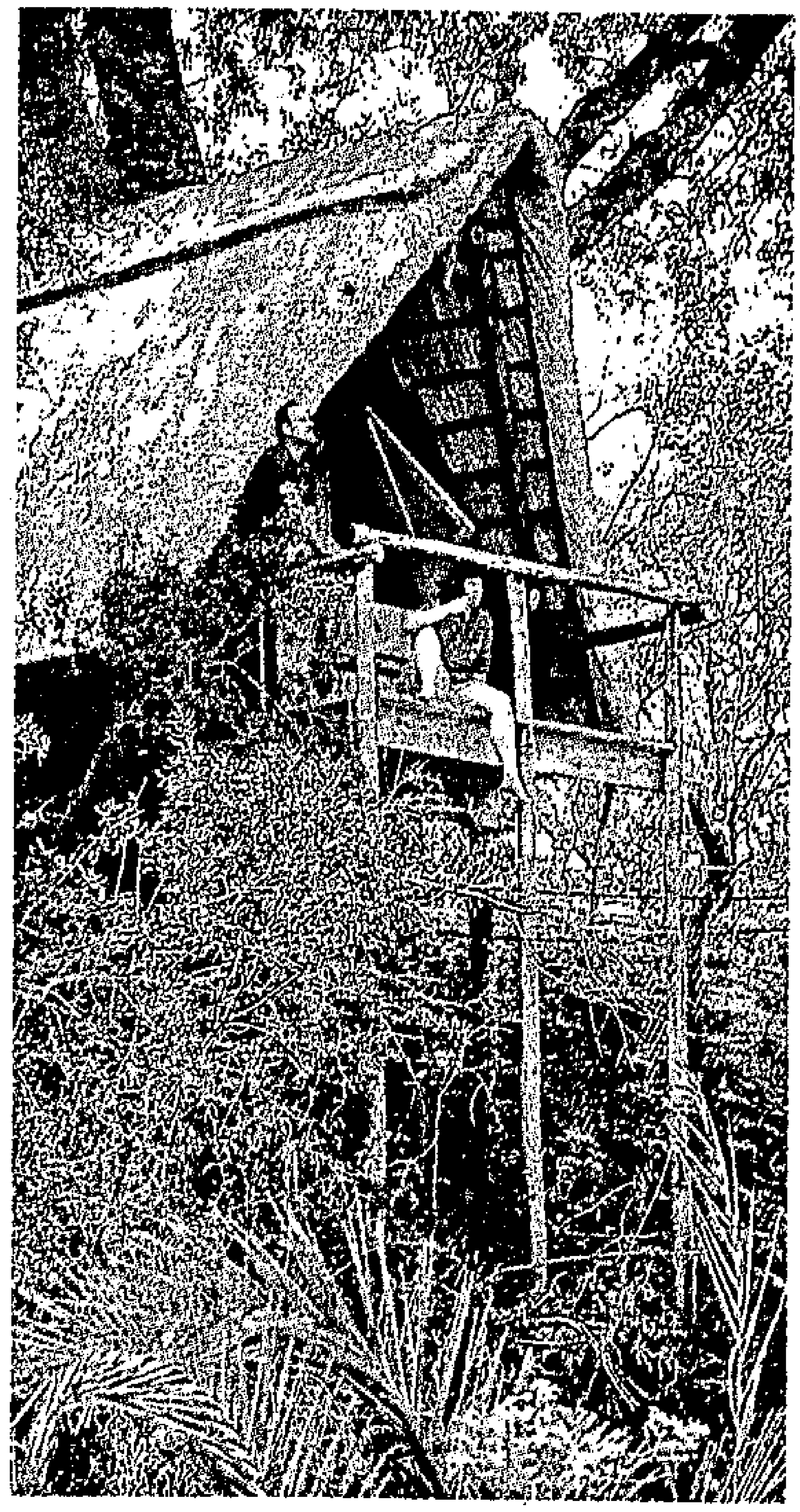
Rangers spend a lot of time explaining what people are seeing.

Trailers learn about the feeding habits of various animals and find themselves examining rhino dung to see if it was a white or a black rhino.

"We can spend hours talking about dung beetles, looking at termite nests or discussing the park's birds and reptiles," Landman says.

It's the type of experience that has attracted 40 000 people and is one of the Kruger Park's most popular features.



A hut on the new Napi wilderness trail.

Whose trail are we on?

Computerised phones keep callers happy

THE days when prospective visitors to the national parks couldn't get through the Parks Board's reservations section are over.

Thousands of calls are received daily in busy periods: before February this year the reservations exchange was unable to handle the demand.

An organisation striving to become more customer-friendly found it was alienating people before they made contact.

The few who got through were angry and aggressive, but the majority would hang up in frustration and disgust. The letters of complaint flooded in.

Not any more.

A computerised telephone system fields all incoming calls, putting people on hold and connecting them with the first of up to 20 booking staff who is free.

Senior reservations officer Ruth Manuels is delighted at the change, which has improved the efficiency of her staff and relations with the public.

Computer monitors enable senior staff to watch the flow of calls and see where delays or difficulties may be.

Inquiries

Many calls are inquiries, and some people who want a reservation don't know where they want to go, or even when.

Despite these delays, most calls are handled in about three minutes — efficiently and to the satisfaction of callers.

Other improvements to the reservations system are now being considered as the Parks Board reminds itself it is a service organisation.

now Botswana.

Marketing scheme to attract the locals

BDay 15/11/91

PARKS such as Kruger are overpriced, they're always full and they're crammed with foreigners who get priority booking because the locals don't matter.

Not true on all counts, says the Parks Board.

The board is planning a marketing campaign to attract local tourists, particularly in off-peak periods, and to explain the range of accommodation available.

The first point officials make is that just over 15% of visitors to the Kruger Park are foreigners; they may be more noticeable than locals, and they may tend to congregate in camp restaurants rather than use park braai spots, but they do not dominate the bookings.

The second is that everything possible is being done to cater for the 85% who are locals, to attract them and offer them affordable accommodation.

Accommodation ranges from camping and caravan sites through equipped tents, huts with or without private bathroom to fully equipped family cottages and private camps for up to 12 people which must be booked en bloc.

At current tariffs, an equipped tent costs R44 a person a night and a hut without its own shower or toilet R55. Huts with a varying range of facilities are available for between R71,50 and R121 per person per night.

(288)

A six-bed cottage at Pretoriuskop with three bedrooms and two bathrooms can be had for R253 for the first four persons and an additional R27,50 a night for additional adults or R13,50 for children.

Then there are the entrance fees: R15 an adult, R7,50 a child and a sliding scale for vehicles beginning at R13 for a car.

Parks Board marketing manager Braam van der Vyver says: "We think our price range is such that the parks are accessible to everyone, whether day visitors or people who plan to sleep in the park.

"We will incorporate the gate fees into the accommodation charges from next year as part of our campaign to be more customer friendly."

Van der Vyver says people who complain Kruger is always full don't realise how often it is not, particularly outside school holidays, or appreciate what other national parks have to offer.

The Parks Board hopes to increase the number of foreign tourists to its parks, and particularly the Kruger Park, as they are able to come to SA outside the peak local tourist periods.

Planning for the tourist demands of new decade

B|Day 15/11/91 (288)

THE decade of the '90s is probably the most testing the National Parks Board has faced.

Executives are optimistic about the future, however, and are planning for the tourist demands of a new SA.

Those demands will be both local and foreign.

The Parks Board is devoting money and effort to attracting black people to the game reserves and to spreading local demand away from the Kruger Park and into off-peak periods.

Flood

With SA once again open to foreign travel, a flood of visitors is expected from countries whose nationals were prevented or discouraged from coming here and from people who saw the country as obnoxious or dangerous.

If the curiosity factor is one drawcard for people wanting to look at a new, nonracial SA, the national parks system is a bigger one.

Most tourists are drawn here by our wildlife and even those who come to peek at politics are likely to spend a day or two game watching.

G A 'ROBBIE' ROBINSON Picture: CATHERINE ROSS

There are plans to expand accommodation in all price ranges, both at the ever-popular Kruger Park and in other reserves, to upgrade existing accommodation, to improve other facilities and make everyone feel welcome.

New chief executive director G A "Robbie" Robinson is enforcing his philosophy that parks are for people as well as animals and that the parks system must become "visitor friendly".

Robinson has also restructured and streamlined the organisation since he took over in April in a move his colleagues describe as bold and brave and which they admit caused some pain.

Robinson is in charge of a huge organisation controlling 17 national parks and proud of what it has achieved since the proclamation of the Kruger Park in 1926.

"My objective is to position the organisation in terms of its acceptability in the new SA."

He and his fellow executives know they are responsible for millions of hectares in a country short of land for housing and agriculture: their stewardship includes millions of animals in a country where many are short of food.

Precious

They believe the parks are the "pride of the nation", a precious heritage that must be preserved and kept accessible to all South Africans — and invaluable contributors to regional welfare and the national economy with the potential to earn more for the country than the mining industry.

These interlocking virtues are the reason for the Parks Board's optimism about the future.

It believes the nationa parks will thrive in the ne SA once they are accepte as treasures to be enjoye by all, and as economic as sets providing jobs an foreign currency earnings

There is also an ambi tious plan for a rapid in crease in accommodatio levels which would in crease earnings to the ex tent that the Parks Boar could become self-suffi cient within a few years and certainly by the end o the decade.

Deter

The main threat to tourism, and therefore to the national parks, is seen as political instability, which would deter foreign visitors.

While that is a major concern to the National Parks Board, it is beyond its control.

What it can do is to improve facilities and accommodation, increase the number of domestic tourists and seek to raise its acceptability among all sectors of the population.

It is doing all those things, and sees the next decade not as a threat but as an opportunity.

TIMESHARE

Mabula Sunrise?

FM 15/11/91 (288)

The hunt is over and the vultures have failed to pick the bones of the beleaguered Mabula timeshare resort. Instead, tranquillity has returned to the northern Transvaal bushveld leisure facility . . . or has it?

It is now some months since the resort was rescued through the R8,4m buyout of the original developer's assets from the liquidators by Soundprop, a Southern Sun Timeshare-Reserve Management consortium.

This month, on November 28, sees the first annual general meeting of shareholders in the resort's three timeshare shareblock companies since the original developers, the Joubert family, relinquished control of the private reserve to liquidators.

The property, in addition to three timeshare villages, also boasts the Mabula Lodge, 6 500 ha and game.

In February it seemed touch and go whether the development would survive intact when the timeshare operators found they had no operating capital. The three shareblock companies formed a combined rescue committee chaired by Norman Moul.

When the eventual buyout of the developer's assets had been completed, it seemed the timeshare directors could relax, satisfied with a job well done, having saved their assets and those of fellow investors.

However, an anonymous letter received by the *FM* suggests all is not well at the resort. It details information which, though Moul concedes comes from an informed source, has drawn the wrong conclusions.

The letter claims:

□ There is a rift between timesharers and the new resort owners;

□ The liquidators failed to renew use agreements (allowing timesharers traversing rights) before selling the assets;

□ The annual general meeting has been repeatedly postponed by the shareblock directors to enable them to cover up administrative blundering;

□ Moul, though apprently working to save Mabula on a voluntary basis, was paid for his services and timeshare levies were channelled into his company;

□ Mabula is heading for development overkill with another timeshare village on the cards; and

□ The new owners plan to allow hunting at Mabula.

Moul and the new owners of the developers' assets label the allegations scurrilous mudslinging, a collection of half truths and distortions intermingled with a fair smattering of lies.

They stress there is no rift between the shareblock companies and Soundprop.

Brian Stocks and Pelham Jones, of Soundprop, and Moul concede that Moul has been paid for his services. A nominal rental was also paid for basing the shareblock companies' offices at Moul's offices.

However, Stocks stresses this is totally above board: "A salary was voted to Moul by the shareblock directors because he has been engaged virtually full-time on the rescue and administration of Mabula."

Dismissing the other allegations, Stocks says though there are plans to develop additional timeshare facilities, these include rights for only a fraction of those held by the Jouberts.

"It would be unreasonable to have expected us, as businessmen, to have bought into the resort if we had no potential for adding value to achieve a reasonable return on investment," he argues.

Moul says the new owners have undertaken not to develop anything which would mean a land-to-person ratio of less than 10 ha.

Jones says hunting will not be used as a means of game control at Mabula: "Such a practice would be like fox hunting in Hillbrow."

Moul concedes there have been delays in arranging the shareblock annual meeting: "The liquidation process caused problems in establishing the financial status of the three shareblock companies.

"Shareholders were advised of the reasons for the delay and when our auditors (Coopers Theron du Toit) are able to complete the financials to their satisfaction, the AGM will be called. It is now on the programme for November 28. Of course, the record of the directors will be open to scrutiny."

If and when that meeting takes place, the other outstanding issue, namely of traversing rights, should also be solved. Stocks points out the shareblock companies never actually had formal traversing rights across the land when it was owned by the developers.

"However, that will change if the annual meeting agrees to a proposal that the entire reserve and assets be incorporated into a single company. We, as owners of the land, game and lodge, and the shareblock companies will hold shares in the new company in direct proportion to the value of our investment in Mabula," says Stocks. ■

FM 15/11/91

INVISIBLE BARS?

Security is the name of the game. With violent crime soaring, the security of property now often takes precedence over almost all other considerations for many home buyers; hence the popularity of cluster housing.

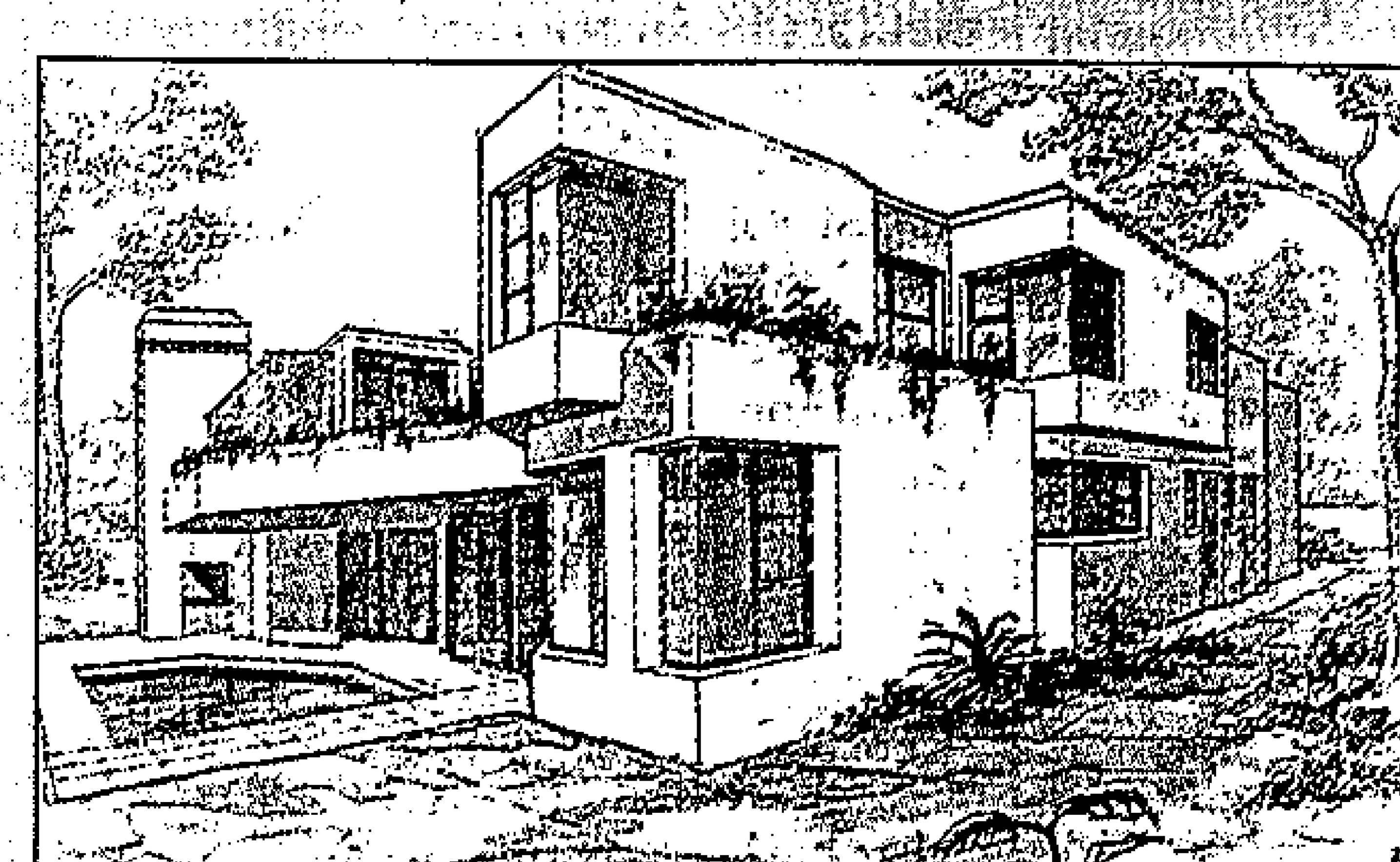
For those who have this view, it would seem The Waldorf cluster development in Morningside, Sandton, could be the ultimate answer. Developers of The Waldorf have received a vote of confidence from PFV Insurance Brokers for its custom-designed, hi-tech security system.

New owners, spending up to R2m for a property, can expect sizeable reductions in property insurance premiums because of the all-encompassing system described as "the ultimate in protection of life and property." That is in addition to the high protective walls pictured.

PFV's David van Heerden says: "Clients will automatically receive discounts of up to 45%."

But what is it that makes the system so special? Developer Ezra Silosky points out that the protection for The Waldorf cluster homes will embrace electronic sensors, beams and intercoms. Though sophisticated, it will never be obvious. "Our clients would never tolerate razor wire and gun-toting guards," he says.

He adds that input for the design of the system was received from architects, conservationists, landscapers and engineers. "Their ideas and recommendations were given serious consideration by the team of local and international security specialists. The result is that it fulfils the original brief: To produce the ultimate in unobtrusive security."



FM 15/11/91 (288)

REDEVELOPMENT

Opportunity knocks

The decision by Sanlam Properties to pump R100m into a luxury hotel on Cape Town's beachfront does not signal a shift in investment policy, says MD Hendrik Bester. It's a one-off project to exploit what he describes as "one of the most splendid and valuable sites on the SA coastline".

The hotel is part of a R230m development announced by Sanlam last week for the President Hotel site in Sea Point. The 2,75 ha property has long been regarded as badly under-utilised and there have been rumours of re-development plans for years. Sanlam has owned it since 1964.

With the hotel industry in decline due to the state of the economy and political uncertainty which is keeping foreign tourists at bay, institutional investors have kept well away from big hotels in recent years.

But The President is the only five-star hotel on Sea Point's coastline and when it disappears, there will clearly be a gap for an even more upmarket establishment — if both the economic and political climates improve.

Apart from the 240-room nine-storey hotel "of international standard", the development includes 132 apartments in three blocks, two of seven storeys and one of nine storeys, which will be sold on sectional title. Parking, mostly underground, for more than 450 cars will be provided for the hotel and apartments.

Sanlam says it is currently negotiating with both local and foreign hotel operators to take over the hotel either on lease or outright sale. Bester declines to reveal the operators, but is so confident of a deal being clinched that no "Plan B" has been devised in case there are no takers.

Contrary to the current trend, there will be no emphasis on conference facilities and banqueting facilities at the hotel. It will be restricted to the 400-500 guests — the same as the President's existing capacity. Bester says the target market will be businessmen and holiday-makers prepared to pay in the region of R300 a night.

The President Hotel will be demolished in March, after Southern Sun's lease expires and work on the 57-unit first phase of the apartment complex will begin soon after. Construction of the hotel will start as soon as an operator has been signed up. The state of the market will determine the timing of phase two.

Bester expects the two, three and four-bedroomed apartments to come on to the market by about June 1993. The average size will be 150 m² and prices, at current values, will range from R400 000 to R750 000. Penthouses will cost just over R1m. The prices are in line with top grade beachfront apartments in the area.

Significantly, the project has been approved by the local residents' action group which has, of late, developed a reputation for near-militant opposition to new developments in the area, particularly multi-storey blocks. The city council's executive committee also welcomes the plan, which it says will encourage tourism.

Bester says the design of the complex is sympathetic to the interests of neighbouring residents in particular and the area in general. Though the site has a coverage entitlement of 13 700 m², only 10 600 m² will be used. Bulk use will also be "markedly" less than the 42 000 m² allowed. ■

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16/11/91
STAR

HIGH STAKES: A loophole in the antiquated Gambling Act allows an increasing number of illegal gambling clubs to flourish in Johannesburg's suburbs. ● Photograph: JOHN HOGG

Now punters prefer clubs in suburbs to Sun City

Star 16/11/91 (288)

STAFF REPORTER

SUN CITY watch out! Gambling clubs are springing up like mushrooms in Johannesburg and its suburbs in what has become SA's latest boom industry.

It is estimated that there could be upwards of 100 casinos operating in the PWV area and the idea is quickly catching on in South Africa's other major cities, police say, with the clientele ranging from hobos to (allegedly) Cabinet Ministers.

The "clubs" are appearing in suburban malls, sandwiched between the butcher and the baker, and range from plush designer-created parlours that rival Sun City's best to dingy backrooms full of one-armed bandits. And they are all legal — or so they say.

It was a busy night at one casino the Saturday Star visited. Punters crowded around the card tables, eager to chance their arm at winning one of the piles of crisp R50 and R20 notes which moved regularly from punter to croupier, from cashier to delighted punter.

In the background, the ring of slot machines could be heard, along with chatter and, sometimes, screams of delight or groans of despair. The crowd swells in the hours leading up to midnight and shrinks as the early morning light makes its way over the horizon.

Flocking to join

Churches would be consulted before any changes to the Gambling Act were made, Mr Coetsee said.

But a delegate to last month's Cape congress of the National Party noted: "I've seen many Christians at the casinos and they all came back whole."

People are flocking to the casinos in Johannesburg. Memberships of up to 2 000 people — with dozens more joining every month — are cited by various casino owners.

Mr Houssein says that on "good" nights, up to 300 people pass through the portals of the Jack-O-Black club in Hillbrow.

An operator of an upmarket casino in Orange Grove says punters from all over the Reef come to gamble at his club.

"People like coming here because it's so much easier to get here and they get better treatment," he says, gesturing at a passing waitress holding a tray of snacks which she offers free to punters.

Drinks in all these casinos are free because the liquor laws prohibit the sale of liquor where gambling is allowed. Cigarettes are also free, which further encourages a personal and friendly atmosphere.

For members only

This is a typical scene in many casinos worldwide. But this casino is different: it is in one of Johannesburg's suburbs, between a corner cafe and a dry cleaner.

Casino operators say they are legal — one proudly displays his entertainment licence from the Johannesburg City Council — but police are steadfast in their view that they are illegal.

The casinos operate as private clubs, open to members only, with membership fees ranging from as little as R20 a year to R100 a year depending where the club is located.

One very exclusive, upmarket club in Sandton boasts the patronage of some of the country's most prominent businessmen and even, the owner says, Cabinet Ministers.

Other clubs, such as Domino's in Emmarentia and the Jack-O-Black clubs in Turffontein, Ridgeway and Hillbrow, attract a steady flow of punters, eager for a flirt with Lady Luck that doesn't necessitate hours of travel or expensive stakes.

A loophole in the archaic Gambling Act allows casinos to flourish all over South Africa. Abie Houssein, owner of the Jack-O-Black clubs, says a 1989 court finding in his favour — following a police raid — was confirmation that he was not committing any offence in terms of the Gambling Act.

Since 1991 he has opened several more clubs, all of them conveniently located in neighbourhood shopping centres.

INVESTIGATING: Justice Minister Kobie Coetsee.

The magistrate ruled that the variation of blackjack which is played in the clubs — Jack-O-Black — is a game of skill, not a game of chance. And the law prohibits games in which the element of chance is greater than the element of skill, he says.

A similar ruling was made this year in Vanderbijlpark Magistrate's Court in the case brought by the State against the River Palace club, which plays Aces High.

This, together with competitions run by schools, political parties and churches which "come as close to breaking the law as dammit is to swearing", according to Justice Minister Kobie Coetsee, has put pressure on Justice Department officials to clarify the ambiguity in the Act.

Earlier this year in Parliament, Deputy Justice Minister Danie Schutte noted that present legislation was such that "almost every second church raffle is illegal".

Mr Coetsee says an interdepartmental committee report completed on the issue and submitted to the Cabinet will result in a Green (working) Paper being drawn up and released for public comment before the end of the year.

He hinted that there would not be a blanket acceptance of gambling.

Mr Coetsee suggested that lotteries which benefited education and welfare projects would be acceptable and, given the probable reincorporation of the homelands into South Africa, the possibility of allowing gambling rights on a regional basis was being considered.

Gambling laws were becoming increasingly difficult to police because of the inadequate provisions in the Gambling Act and changing morality.

Mr Schutte told Parliament in March this year that gambling or a lottery in its "crude form where it is used as a mere method of exploitation and of greed and employed solely for material gain" was unacceptable and would remain illegal.

Leakey: little to see in SA

'Kenya has more to offer the tourist'

Star 16/11/91. 288

JAMES CLARKE

WHAT has South Africa got in the way of tourist attractions that Kenya hasn't? Not much.

At least not if you speak to Kenyan tourist industry spokesman Dr Richard Leakey, who returned to Nairobi today.

Dr Leakey (47) has just completed his first trip to South Africa after an absence of 25 years. He came wearing three hats: he represented Kenya's tourist industry, he is director of wildlife and chairman of national museums, and he is renowned as a palaeo-anthropologist who has made important discoveries regarding man's evolution.

In an interview, he said he was thrilled to be in South Africa again and would soon be back.

HE HAD spent two days in Kruger Park — a guest of Dr "Robbi" Robinson, chief executive of National Parks. But while he obviously liked South Africa, he saw our tourist attractions as wanting.

He said our attraction for, say, the wealthy Japanese was limited.

But at least people could fly straight here without getting out at some Third World airport. "And your hotels are good. A Japanese tourist could comfortably stay a couple of days here and then go on to Kenya."

A couple of days? "Well, accommodation in your game reserves is pretty Calvinist. It's pretty spartan. It is not what the wealthy tourist wants. Fine, you have Mala Mala and other such places, but not enough of them. Certainly the ordinary game reserves will not impress.

"Your communications are good. You have good roads. You have golf, you have the Cape, which is beautiful, and casinos. But Kenya has better wildlife.

"And cultural tourism — looking at tribal villages and customs — this no longer sits well in Africa. Africa wants to be considered modern. People don't like being tourist attractions."

He said he believed that South Africa and Kenya, working together to offer packages to their respective regions, would do well.

"For somebody to come all this way just to one destination ... far better to see both areas, south and east."

As for Kenyans visiting South Africa and vice versa, the traffic would be one-way. "There isn't much money in Kenya. More likely South Africans will come our way. I know your rand is weak for foreign travel but our shilling is also weak. Kenya is cheap for South Africans."

Dr Leakey achieved world fame when, two years ago, he persuaded Kenya to set fire to a huge stockpile of ivory worth millions of rands.

He also organised trained squads to hunt down ivory poachers in the bush. Several have been shot and have in turn shot rangers. Now Dr Leakey has to have a guard in his home. But as a result, ivory poaching has come almost to a standstill in Kenya.

"Part of my mission to South Africa was to persuade the authorities here to help us in making ivory worthless. We want to see ivory regarded by the world as valueless while live elephants are seen as valuable. I am encouraged by the talks I have had. South Africans have been very open."

Is it conceivable that South Africa might one day be persuaded to publically burn its ivory hoard?

"It would be a dramatic gesture," he said. "The point is that ivory sales threaten to extinguish the elephant — and the elephant is vital to the tourist trade and therefore to economies. I really cannot see why we should risk losing Africa's elephants for what is really a pittance."

On the subject of palaeo-anthropology Dr Leakey believes east Africa has a great deal more than South Africa.

At a lecture on Kenya's hominid fossils — to a packed Great Hall at Wits University this week — Dr Leakey several times joked about the scientific rivalry between Kenya and South Africa.

Professor Phillip Tobias, South Africa's eminent palaeo-anatomist, said that while Kenya had found proto-humans and apes up to 15 million years old, South Africa had the better collection of australopithecines — the man-apes which were originally discovered here.

DR Leakey disagrees: "Our stuff is much more complete — and our dating is good."

He said South Africa had no clear fossiliferous layers of rock which could be easily aged. "Ours are like packs of cards on the table. You can read the sequences — get in between the jack and queen. In South Africa your strata are so mixed that the jack and the queen are mixed with the rest."

The argument is important because man-ape and early man sites are potentially a great tourist draw and South Africa is about to build hotels and information centres next to its major sites.

I asked about Professor Glenn Conroy's discovery of a 12 million-year-old jawbone in Namibia in June. Did that not push southern Africa's hominids back as far as Kenya's?

"One jaw? One jaw from one site? Let's see more first."

RIVAL PALAEONTOLOGISTS ... South Africa's Professor Phillip Tobias (right) and Kenya's Dr Richard Leakey were this week engaged in jocular scientific rivalry. ●Photograph: HERBERT MABUZA

Cape Town to benefit from new air policy

Weekend Argus Correspondent

PRETORIA. — Cape Town and Durban are to be promoted as gateways to South Africa in terms of a new interim international aviation policy which will remain in force until the Department of Transport completes its review of the present policy.

The interim aviation policy, which took effect yesterday, will give the responsible authorities more flexibility in negotiations with other countries on the provision of air transport services to and from South Africa.

The government is willing to negotiate with other governments about relaxing tariff control measures, the granting of at least two frequencies per week to all airlines, the designation of more than one airline per route and the promotion of Cape Town and Durban as gateways to South Africa.

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However, the government will ensure that the domestic airline industry obtains similar rights and benefits in foreign countries.

To stimulate tourism, regulatory controls governing charter flights will be relaxed.

No economic regulation will be applied to charter flights from abroad if tourists are transported to South Africa during peak holiday seasons; if South African perishable goods are transported to other countries or if passengers, cargo or mail are transported between South Africa and countries where no scheduled air transport services exist.

SA airport officials are charming chaps, Satour investigation finds

PATRICK FARRELL
Weekend Argus Reporter

CONTRARY to popular belief,the customs and immigration official at South African airports is a smiling, cheerful, helpful, friendly, and charmimg character.

This is what emerged from a recent Satour investigation to get to the bottom of complaints about unfriendly airport officials.

Interviewing 1 000 travellers at Jan Smuts Airport, Johannesburg, and 218 — 85 of them South African citizens — at Cape Town's D F Malan Airport, Satour concluded that the "attitude shown by travellers was proof that customs and immigration were performing a more than satisfactory service".

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However, the investigation also disclosed that while overseas visitors seem to be happy with the service most complaints came from South Africans returning from abroad.

Mr Johan Lombaard, secretary of Satour, said no reason could be found in the survey to explain why South Africans were unhappy with their own customs and immigration service, "but it could be a pyschological thing".

"There is a perception that our customs officials are unfriendly and unhelpful, but this investigation proves otherwise," he said.

Glowing statistics were mentioned in the report. It was said that 97,1 percent of the Jan Smuts visitors responded positively to customs services while 96,2 percent indicated they were satisfied with immigration services.

Remarks such as "super", "excellent", "perfect" and "no problem at all" were some of the replies made by happy travellers whose baggage did not end up in Bangladesh.

The figures for the Mother City were somewhat down at 90,6 percent feeling positive for customs and 89,2 percent positive for immigration.

The report says the lower figures at D F Malan can be partly attributed to fewer international flights arriving at the airport, meaning officials performed only "sporadic services".

Satour has since made three recommendations to improve service.

They told the Commissioner of Customs and Excise that, for a start, we needed more green lanes (the lane for people with nothing to declare at customs) to cut down congestion. Another was that the colour of officials' uniforms be changed.

"We suggested a more attractive colour — like white — but it seems there is a problem with this because the navy wears white," said Mr Lombaard.

Satour also said more women should be employed as officials because "psychologically it means a lot more to a tired traveller to get a nice friendly smile from a lady".

A new investigation will not be done unless Satour is "inundated with complaints".

Another for Protea

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S/TIMES (BUSS)

LATEST to join the Protea Hotel group is the Marina Lodge in Richards Bay, which will be officially opened soon.

Protea will be repsonsible for marketing the hotel here and abroad. 17/11/91

The Marina Lodge has 63 double and three de luxe rooms, two suites, a 120-seater restaurant, a cocktail bar and a 60-seater conference room.

Conference plan to lure tourism

Star 20/11/91 (288)

Johannesburg is set to take its place among the most exciting conference cities in the world, with the proposed development of the R600 million Trade, Tourist & Convention Centre.

The plan is to bridge the railway lines at Johannesburg Station concourse and incorporate this with the development of surrounding blocks.

It has been put together by the Harrison Project Consortium (HPC), which comprises Watermeyer Legge Piéesold & Uhlmann (WLPU), Stauch Vorster, Keeve Steyn, Van Wyk & Louw and Farrow Laing.

The objective is to put together a project which will do for Johannesburg what its Opera House has done for Sydney, becoming a tourist attraction in its own right.

"A convention centre is synonymous with tourism — the convention delegate has been aptly described as 'a tourist with an expense account'," says partner Peter Bosman.

And, adds fellow partner Mike Wolters, who is jointly responsible with Stauch Vorster for the architectural design of the project, South Africa is becoming increasingly attractive as a tourist destination.

"South Africa, and particularly Johannesburg, is the new port of southern Africa. From the conference point of view we have huge potential — conference delegates regard the venue as as important as the conference, and organisers are constantly in search of exciting new destinations.

"This country offers them an untapped resource — but we will be competing for novelty value against Eastern Europe, Australia and the Far East.

"Developing our tourism infrastructure, and creating the facilities to house international conventions, must take priority," Mr Wolters says.

The development is still very much in the conceptual stage, although work on phase one — the refurbishment of the Rotunda - is already complete.

Recognising that international convention centres are usually linked with a trade and exhibition centre, however, WLPU has incorporated these features into its plan.

When complete, the centre will cover an area of 14,5 ha, bounded by Wolmarans Street in the north and running south across the adjoining open space over the railway lines between Rissik Street and Queen Elizabeth Bridge.

It will serve as a direct link between Braamfontein and the CBD and will revitalise the area along Rissik Street.

"It's an enormous project with exciting prospects for the CBD. But if it is to succeed all its components will have to work together," says Stan Arenson, chairman of the Johannesburg CBD Association.

As it is conceived, the centre will incorporate an international-standard conference facility for up to 2 500 delegates, a hotel, a strong retail component, office space, a transport node for long distance trains, and buses, and a tourist centre.

Proposals for a convention centre have been a matter for long-standing debate among the Johannesburg city fathers. This project would seem to have more to recommend it than any of the alternatives considered to date.

"At this stage South Africa probably has the capacity for only one major convention centre. Johannesburg, Durban and Cape Town have all been talking about developing one — and the city that gets a centre out of the ground first will win the race.

"It makes sense to locate the centre in Johannesburg, because of its status as financial capital of the country and because it can be reached in a single flight from overseas.

"And the HPC proposal is well located — accessible to both the CBD and the northern suburbs, close to hotels and linked into the tourist transport infrastructure," Mr Arenson says.

The project will generate work for South Africa's beleaguered construction industry — and subsequently operating and running the centre will generate a significant number of job opportunities.

"It has been estimated that every three to five tourists or delegates visiting a country each year will create and maintain a full-time permanent job.

"Based on this statistic, this centre could directly contribute to creating between 10 000 and 15 000 jobs in its first year of operation," says Mr Bosman.

Centre will be gold mine of visitors

Star 20/11/91 (288)

The proposed new Johannesburg Trade, Tourist & Convention Centre could be the most exciting development to take place in the city since the diggers struck gold.

And the conceptual plans put forward by Watermeyer Legge architect Mike Wolters and Richard Crowhurst, of Stauch Vorster, are aimed at exploiting the tourism gold mine to the full.

"The conference industry is a major business, servicing sophisticated, demanding clients.

"At present South Africa has novelty appeal which will help us get our international conference centre on the map — but we will have to offer something special if we want to stay there," he says.

Recognising that some of the world's most prestigious conference venues run at a loss, Mr Wolters aims to create a multifaceted centre with appeal for tourists and locals alike.

"What we are planning will have a major ripple effect on the whole of Johannesburg's business and entertainment community, and on the South African tourist industry," he says.

"It will physically link Braamfontein with the CBD, and will reinforce Rissik Street as a ceremonial avenue."

Leading off Rissik Street, the development will incorporate large piazzas designed along the lines of Cape Town's Greenmarket Square. Flanked by shops, galleries, restaurants and cafes, they will hold open air markets, exhibitions and public launches.

"What we are planning has less of a retail emphasis than, for instance, Smal Street Mall. This will be more like the European concept of a city square," Mr Wolters says.

"There is no risk of it becoming dead space in the city because it will be integrated into the centre as a whole, where we will have a captive tourist population permanently on the move and attracting activities to themselves."

To supplement the convention and trade centre facilities, Watermeyer Legge plans to incorporate a 400-bed hotel into the development.

The centre will also hold an office component — which, Mr Wolters says, will be designed for "theme offices".

"We don't intend to let this become just another office block — it will have a culture, the way Fleet Street and Fifth Avenue do," he says.

The centre itself will serve as a focal node for Johannesburg's tourist industry, and at the same time will revitalise that part of the city.

In addition to retail space, hotel, conference facilities and office accommodation, the architects are playing with the idea of incorporating a small residential element in the form of penthouses and apartments.

These would have special appeal for companies that regularly entertain visitors from out of town and overseas.

"The architectural style will be sculptured and striking, but we're not planning a monument. This will be a place that South Africans are proud of and want to show to visitors — but at the same time it will be scaled to make people comfortable," Mr Wolters says.

"For instance, we plan to incorporate a lot of greenery into the external design, creating something as close to a parklike atmosphere as is possible in the CBD.

"Ultimately it will help bring life back into the city as a whole, making Johannesburg a people place again."

for dagga"? What stories he must have.

Satour expects rise in British tourists to SA

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KIN BENTLEY

LONDON — Satour expects the number of British tourists visiting SA next year to be up 10% on this year, as tour operators capitalise on the country's growing reputation for nature conservation.

The SA Tourism Board (Satour) will present the country's potential to the global tourism industry during next week's world travel market at London's Olympia exhibition centre.

Satour's UK-based tourism promotion officer Alison Whitfield said yesterday between 1986 and 1990 the number of British tourists visiting SA grew from 85 251 to 135 404. B Day 21/11/91

While tourism to SA this year was affected negatively by the Gulf War and British recession, it was still expected to equal or surpass last year's figure. Next year, she said, an 8% to 10% increase was expected.

Satour has exhibited at the world travel market since its inception about eight years ago.

Thirty-nine representatives from 34 SA companies — including travel agents, tour operators, car-hire firms, private game reserves and hotel groups — will be at the Satour stand during the show, which opens on Tuesday. They will be joined by British tour operators selling their products in this country.

The world travel market is attended by the cream of the major tour operators, travel offices and airlines.

Whitfield says the Satour stand will also introduce the "green" theme, aimed at raising awareness of SA's conservation record.

SADF rationalisation 'cannot include further land disposal'

GERALD REILLY

PRETORIA — The SADF was completing a rationalisation process which included scaling down certain units, Defence deputy minister Wynand Breytenbach said yesterday. B Day 21/11/91

Presenting environmental conservation trophies to SADF units at Swartkop Air Force Base, he said the rationalisation created the impression the land needed for training and other activities could also be scaled down.

This was not the case.

The size of training areas was determined by the nature of training activities, not by the number of people using them.

However, the SADF was sensitive to the need for land for other than military use, and re-evaluation of the SADF's land needs was continuous.

During the past five years, he said, about 31 000ha valued at R55m was handed to other authorities.

This included the farm Greefswald, part of the Vhembe nature reserve, which was given to the Transvaal Provincial Administration, and the use of the greater St Lucia area given to the Natal Parks Board.

If the land was not properly managed it might deteriorate to the extent that its suitability for even military purposes could be reduced, said Breytenbach.

This underlined the increasing importance of effective and professional environmental services within the SADF.

To position the SADF for the increasing demands of the future, a strategic environmental planning process had been launched.

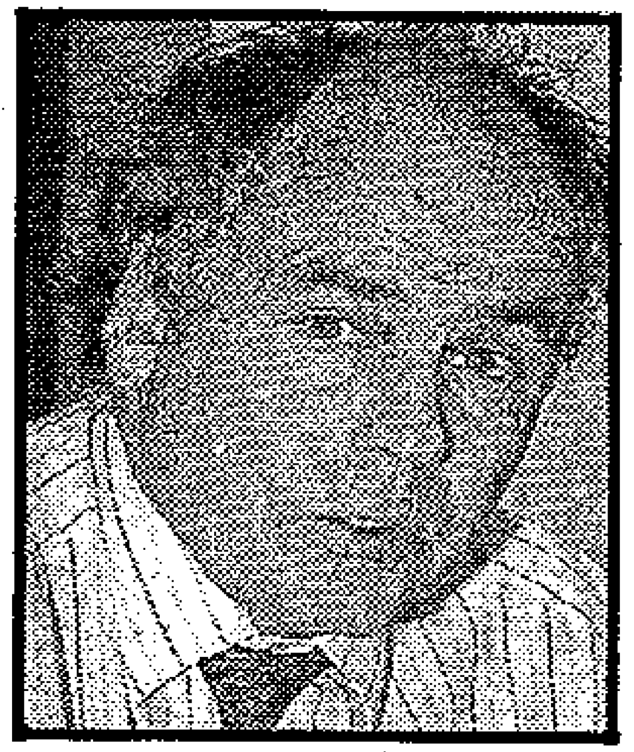
Discussions with interested departments and organisations were taking place to broaden co-operation between the SADF and these organisations on environmental matters.

The SADF was considering allowing the public controlled access to some of its properties. However, this was ruled out in many areas because of security and safety considerations.

The SADF was conducting a survey of all military buildings older than 50 years. Details of these buildings would be recorded and would form the basis for further conservation activities.

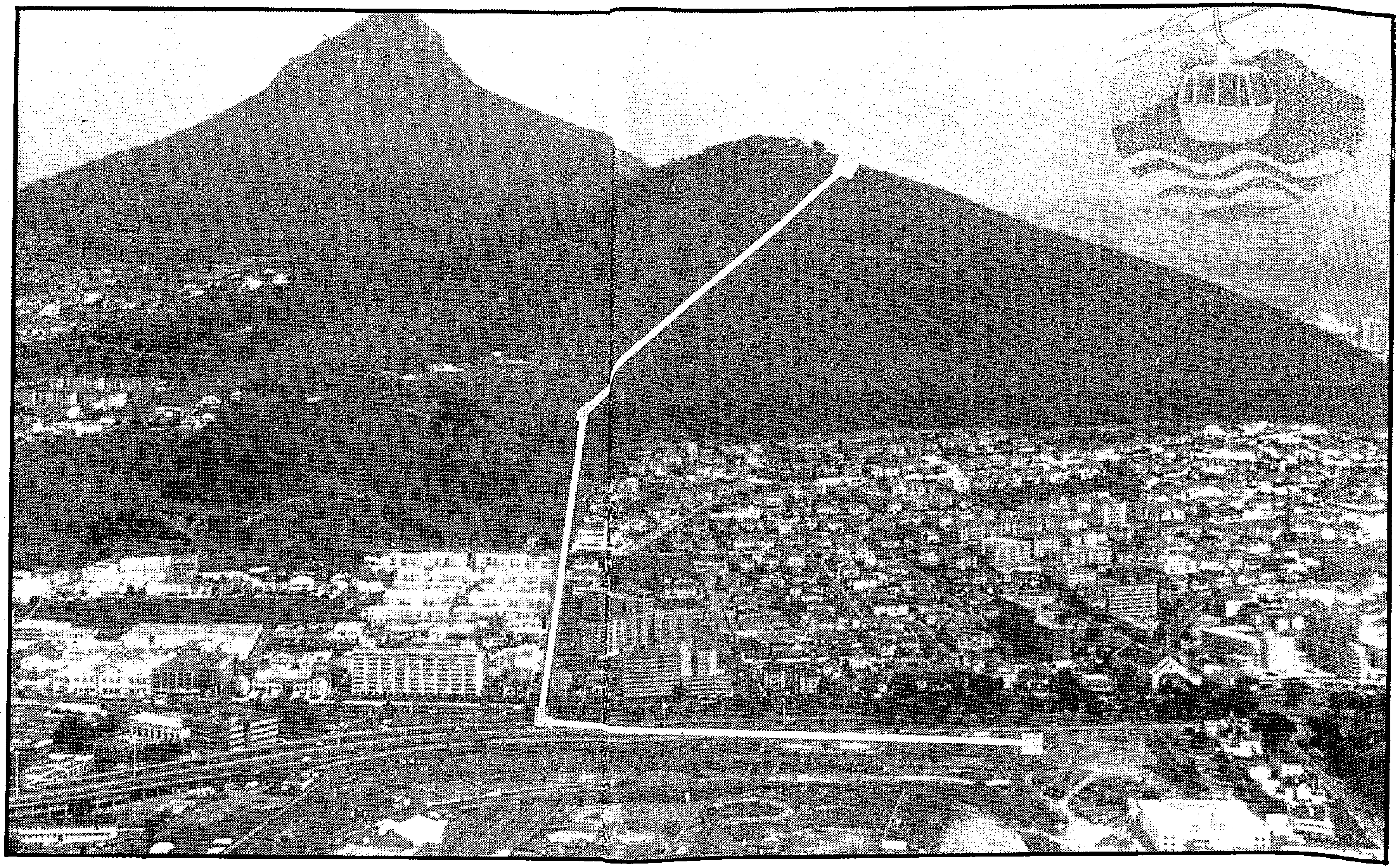
PROJECTS

Up, up and away!



MR KEN STURGEON

Plans for Signal Hill cableway: But is it necessary?



288 ARG 28/11/91

JOHN YELD Environment Reporter

DOES Cape Town need a second cableway? "Definitely yes," say the developers of the proposed R50-million cableway linking the Victoria and Alfred Waterfront with the summit of Signal Hill.

Cape Town needed tourism as a major income earner and job creator, argued spokesman Mr Ken Sturgeon.

Internationally, tourism accounted for one in every five jobs and in South Africa, tourism was expected to become "as important as gold".

Tourist interests were increasingly geared to quality environmental, cultural and historical experiences and there was less demand for "mass sea, sun and sand" and for "fast holidays".

The expected increase in tourism in the Western Cape would overload the existing cableway, Mr Sturgeon said.

It carried 420 000 visitors up Table Mountain each year and was overloaded from early December to mid-January. It could take a maximum of 270 people an hour. "That cannot be increased without virtually reconstructing the existing facilities," Mr Sturgeon said.

Signal Hill was an attraction in its own right and pressure could be taken off Table Mountain if a cableway was built there. But there were no existing facilities — "the place is pretty battered and barren". The Cape Town City Council had been planning to upgrade Signal Hill for years but had never had funds, Mr Sturgeon said.

Their proposal would not involve the city in any costs and a ticket levy would provide funds to help maintain Table Mountain.

Extra water would be available to fight fires because of a new reservoir at the summit of Signal Hill and there would be transport available for firemen.

Areas of historical interest — such as the noon-day gun — would be promoted and the developers were looking at the possibility of recreating the old signal masts on the summit.

There were "lots of plans and proposals", including those of the National Monuments Council for historical walks around Signal Hill, Mr Sturegon said. "We believe we will enjoy popular support if we go ahead."

The cableway would consist of a single hauling with four to six-seater gondolas. Unlike the existing cableway, these would be clamped to the cable.

At maximum capacity, they would run at 40m intervals.

Plans included a bus stop at the waterfront where tickets could be bought to take passengers to the summit of Table Mountain, using the two cableways and a bus trip between.

The developers appreciated there were potential problem areas, Mr Sturgeon said.

Possible environmental damage was "certainly a primary concern" and all major conservation bodies were being approached. "We really do care and we have to be very conscious of the way we approach this."

The high numbers of visitors to the mountain caused much damage and the company would assist with management and maintenance. There would also be a levy on all tickets which would go to a management fund, and this would be applicable from the start, before the operators started making a profit.

"It is unlikely to be profitable for at least six years," he added.

The proposed cableway would have to carry at least 500 000 passengers each year to be profitable and the developers believed they would attract more.

Although financial details had not been worked out, "several million rands" were likely to be spent on improvements to roads and parking areas.

There would be a complete environmental impact assessment which would take into account factors such as the effects of new buildings and parking areas on vegetation, possible erosion, the traffic impact and visual effects.

A funicular system had been ruled out, Mr Sturgeon said.

"That was very intrusive, very expensive, noisy and there could be major problems from vandalism. The system we've gone for is, we believe, the quietest and has the least impact on the adjoining properties."

The environmental impact would be assessed by a specialist consultant, whose appointment had not been finalised.

Mr Sturgeon gave an assurance that the study would include a brief to look at a "no development" option.

"All the organisations we have met will be invited to a series of brainstorming sessions to work with us. We believe this is absolutely vital," he said.

The developer was being set up as a separate company but would be sponsored initially by the Table Mountain Aerial Cableway Company. There were a number of financiers and there was no question of having to look for funding, Mr Sturgeon said.

"We didn't just simply float an idea and we won't wander around with a hat. We have the necessary financial backing."

The route

THE proposed cableway will start from a five or six-storey lower station in the waterfront development area, between the Graduate School of Business in the old Breakwater jail and Western Boulevard.

It will then run above the boulevard at a height of about 7m — 2m above the provincial minimum limit — to a point on the island between the two carriageways, before turning 90 degrees to the right to run above Boundary Road to just below the Lion Battery mid-way up Signal Hill.

It will then turn slightly right again to run parallel to — but just below — the ridge on Signal Hill to an upper cable station below the existing road, slightly below the summit.

The pylons will be of solid construction, similar in height to high-mast lights, at about 100m intervals.

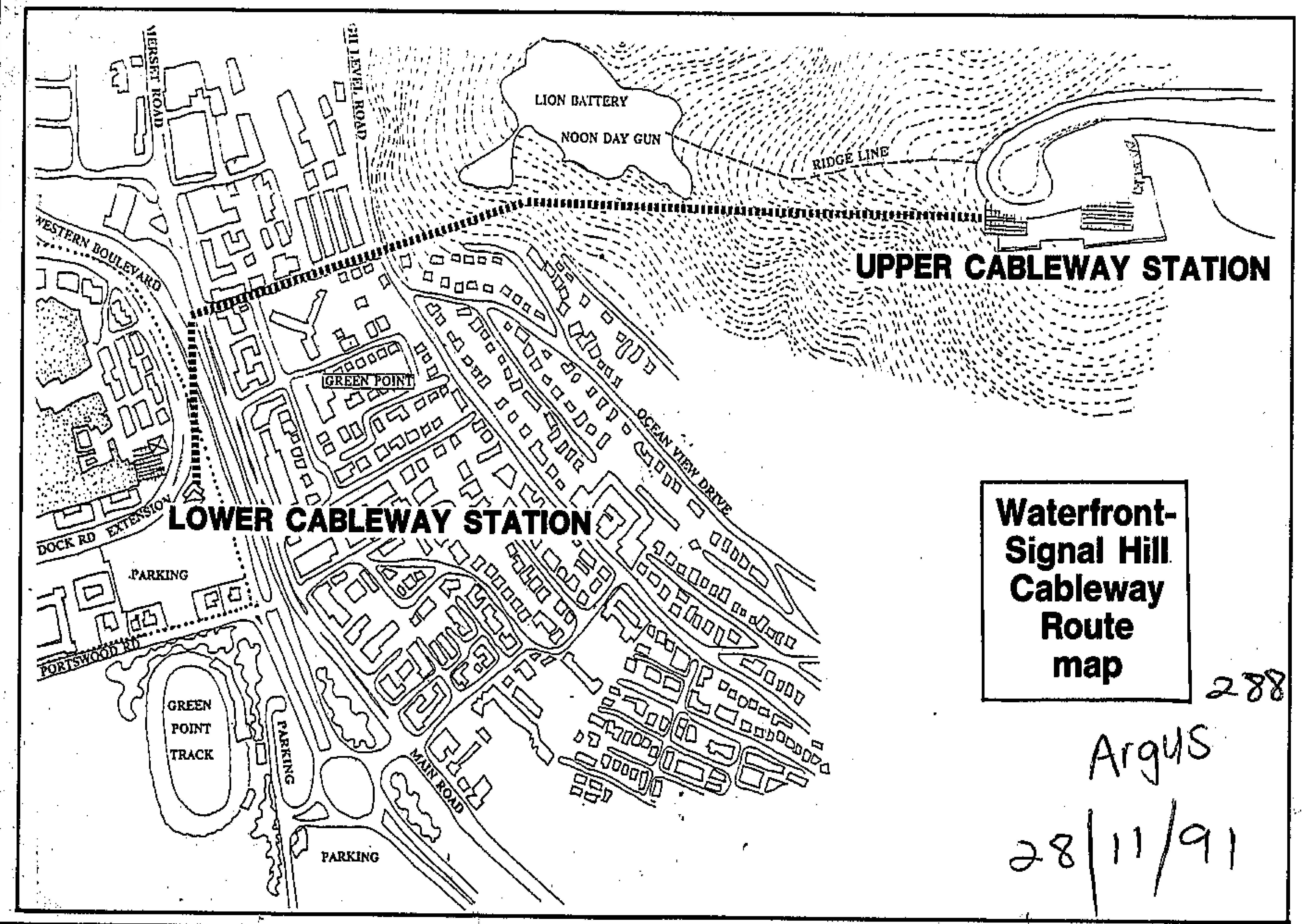
The fully enclosed gondolas — "really nice and crisp and modern" — will be painted in subdued colours to be as complementary to the surroundings as possible.

The gondolas will have ventilators on top and the tinted windows will not open, so that nothing can be thrown out. The system will be "virtually silent" — "noise is one problem we really believe we don't have", spokesman Mr Sturgeon said.

The gondolas, which will be about three-to-four metres above the high points, will travel at about three metres a second, slightly slower than the Table Mountain cableway.

The overall length of the proposed cableway is 1 500m — about one-and-a-half times as long as the existing cableway — and the journey will take about 10 minutes.

It will have a capacity of about 1 000 passengers an hour.



Waterfront-Signal Hill Cableway Route map

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Argus

28/11/91

Historic Leydsdorp hotel to come under hammer

The auctioneer's hammer will decide the fate of the historic Old Leydsdorp Hotel on Saturday. Star 2/11/91 (288)

In 1988 owners Debby Vogt and Cois Ernst began restoring the hotel — once home to many a prospector and adventurer during the halcyon days of the Transvaal gold rush. In the interim the couple have run into financial difficulties.

Paul Kruger, president of the Transvaal Republic, once spent a night at the hotel.

As the euphoria surrounding the Leydsdorp gold rush subsided, many of the original prospectors left for the far richer pickings on the Reef. Leydsdorp soon became a ghost-town.

The revival came in the '30s as tourists poured in, many passing through to reach the Kruger National Park.

Sanctions in the 1960s helped to precipitate a decline in tourism and the Old Leydsdorp Hotel languished again until its closure in the early 1970s.

The auction will take place on the premises at 10 am.

Sandton City set to get a R350m facelift

PETER GALLI

SANDTON City is to be upgraded and expanded at a cost of R350m, which includes the construction of a R132m five-star hotel.

Liberty Life Properties director of shopping centres Gavin Main said yesterday that the 18-floor, 230-room hotel would be situated on the corner of Fifth Street and Alice Lane. Managed by Southern Sun, it would be linked to the existing Sandton Sun and Sandton City complex by a skywalk.

The refurbishment and upgrading of shopping and office facilities would account for R85m. Expansion of the retail area by 23 000m² or 25% would cost another R133m, Main said.

"Apart from the R85m being spent by owners, tens of millions of rands will be spent by tenants upgrading their stores," he said.

The creation of a further 23 000m² of retail space and parking would increase the tradeable area of the centre to 116 000m². The centre would be expanded in the southeast at the corner of Rivonia Road and Sandton Drive.

Construction is expected to begin next April, with completion in late 1993.

"The hotel will conform to the best international standards in every way. We expect strong growth in the national market in both the business and leisure sectors. International tourism will grow due to SA's political acceptance and corresponding increased foreign investment," Southern Sun Group MD Ron Stringfellow said.

15/10/91

288

REFURBISHMENT FM 22/11/91

Making a Point

(288)

Mock-Victorian Alexandra House, just refurbished at a cost of R1,5m in Durban's Point area, is to be auctioned on December 5.

The building which, as the Alexandra Hotel used to house the sometimes controversial Smugglers Inn, will be sold on site. Kevin Dinkley, senior representative for RMS Syfrets, says two aspects make the auction particularly attractive.

"The property is one of Durban's prominent landmarks and the area is to be upgraded and developed, along similar lines to Cape Town's Victoria & Alfred waterfront scheme, in what is to be the Durban Council's most ambitious project yet."

Dinkley also claims the lack of quality commercial accommodation in the area makes Alexandra House an attractive business proposition.

"The premises are ideal for owner occupation or as a letting proposition," he says.

The original Alexandra Hotel was founded by the late Zisel and Carole Grieve in 1962. "Smuggies" became an entertainment centre known for risqué cabaret shows and other entertainment. At one time it was a favourite with deckhands and directors alike.

The refurbishment project was the brainchild of Grant Grieve, son of the founders.

The property has been converted to 1 800 m² of lettable office space, a restaurant, conference area and shops with parking.

Grieve says the council has decided to develop the Point area of the city and about R10bn has been allocated for the project over the next decade.

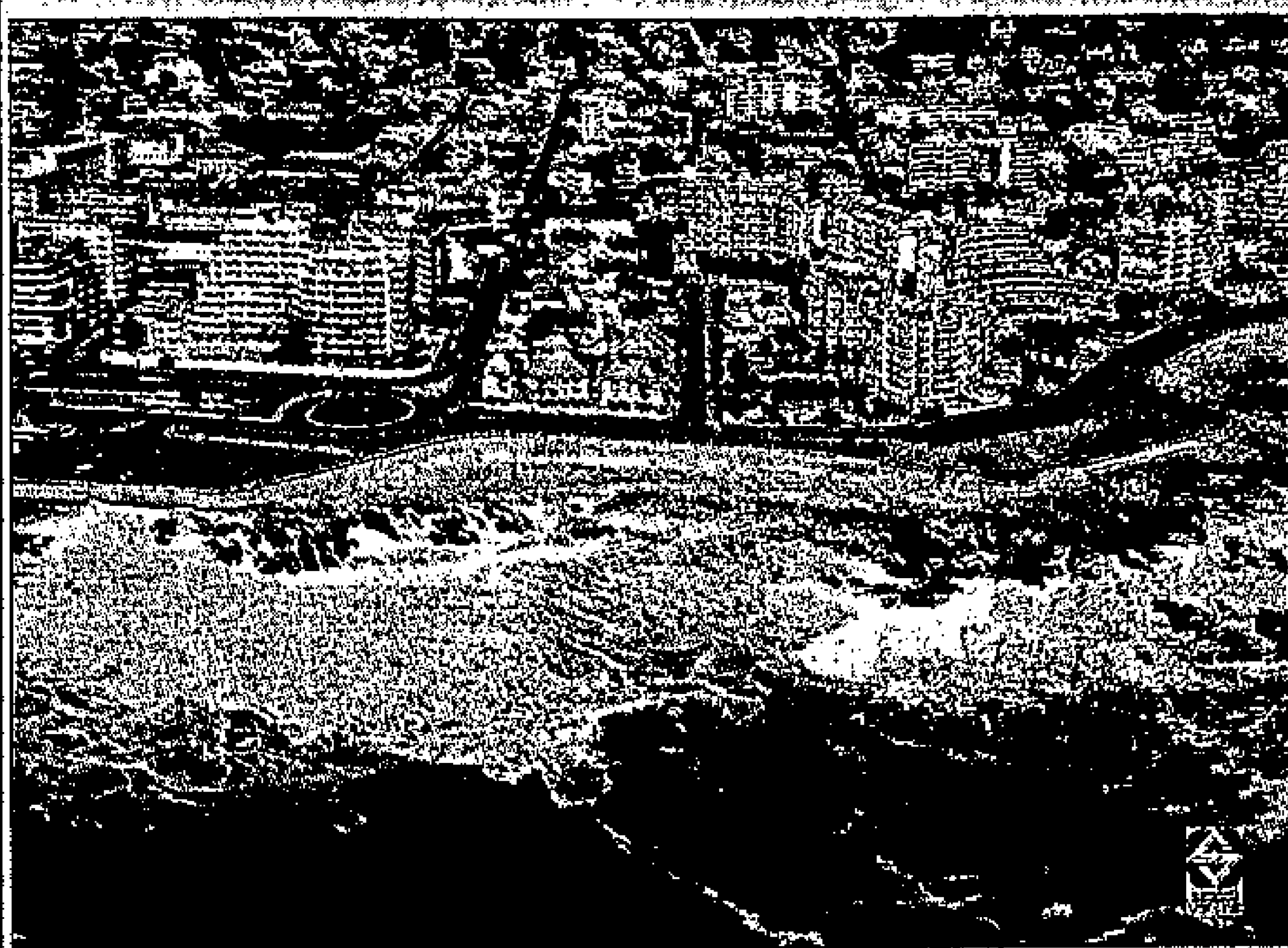
He believes Alexandra House is ideally positioned to benefit fully from the Point project. The bottom line is a projected return of R25/m² compared with a previous income of just R3/m². ■

FM 22/11/91

TIDE COMES IN AT SEA POINT

288

Sanlam Properties has given visual perspective to what it plans for its R250m President Hotel site redevelopment at Sea Point in Cape Town. The property has been described as one of the most splendid and valuable development sites in the country.



As well as a R100m luxury hotel on Cape Town's beachfront, the project will also include three blocks of luxury apartments.

Sanlam Properties says it is negotiating with local and international operators to run the hotel.

The old hotel will be demolished in March.

Funds needed to turn jail into tourist spot

By Louise Burgers
Municipal Reporter

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Star 22/11/91

Financing is being urgently sought for the final phases of the reconstruction of the Johannesburg Fort.

Plans to transform the 96-year-old building into a major tourist attraction are well under way, with the first R2,5 million phase of the reconstruction completed.

Two battalions of the Transvaal Scottish will use part of the fort as their headquarters. The officers' and NCOs' messes have been completed.

The Johannesburg Fort Foundation is in charge of restoration and fundraising for the project. It rents the site from the Johannesburg City Council on condition it remains open to the public.

The present site of the Johannesburg Fort was originally that of a prison. The Fort was commissioned by President Paul Kruger in 1895 in response to possible threats to the city by the Uitlanders after the Jameson Raid.

The fort was manned by a garrison of about 150 men from 1899 to 1900 when it fell into British hands with the occupation of the city. It reverted to the Prisons department in 1902 after the Boer War.

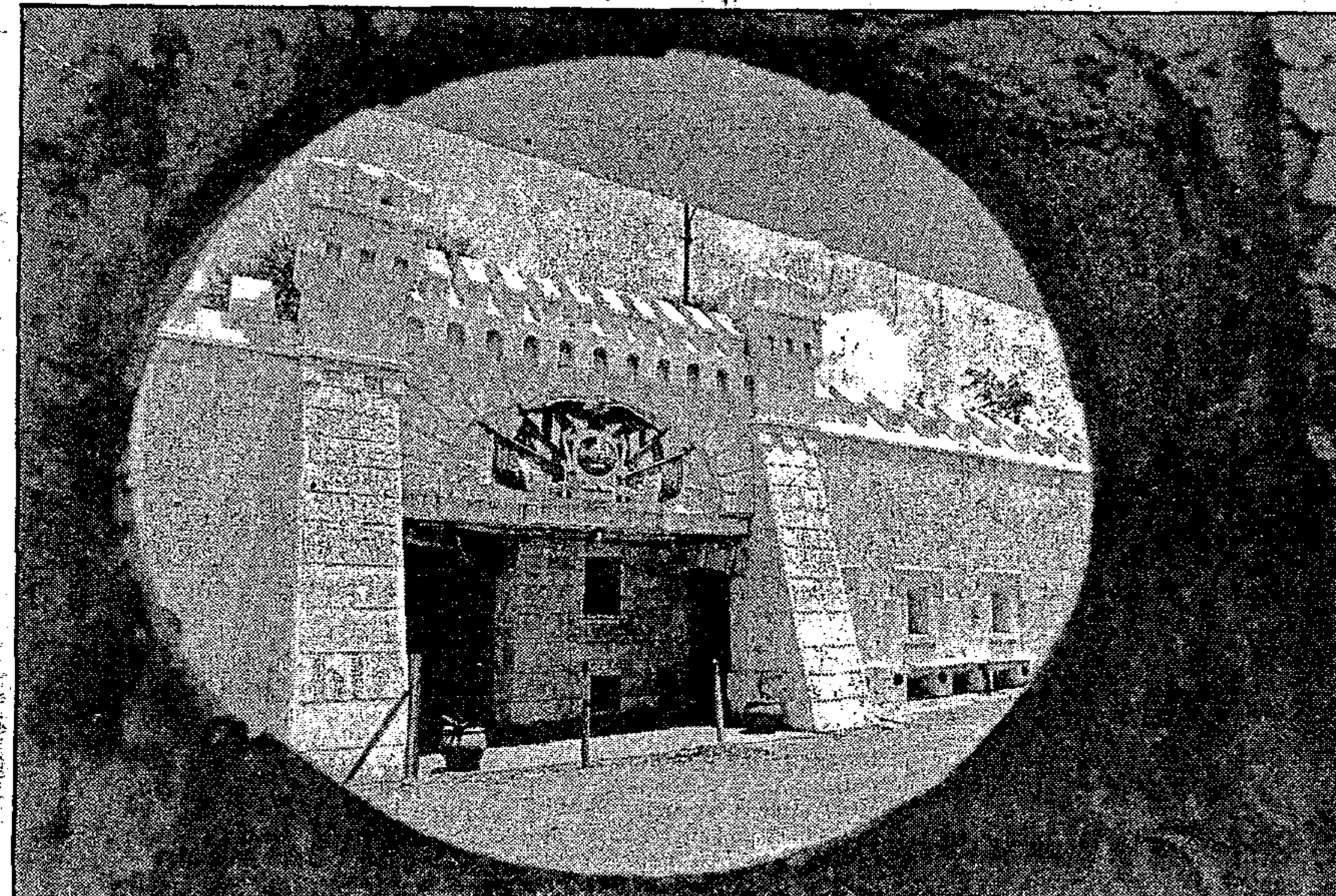
Famous Fort prisoners included Boer general Christiaan de Wet, Mahatma Ghandi, murderess Daisy de Melker and the Foster gang.

The prison was replaced by Diepkloof Prison in 1983.

A portion of the existing fort will be modified to provide a regimental chapel which will house the regimental colours of the Transvaal Scottish. Care has been taken to retain doors, windows, antique locks and plaster mouldings for re-use or for exhibition in the museum.

Phase two will include the renovation of the south entrance battlements, walkways, stairway, lighting, gun placements, parade ground, guardroom, restaurant and tavern.

Three museums are planned, featuring the Anglo-Boer War, prison services and Transvaal Scottish regiment. Many of the original tiny wire cages which used to house prisoners have been preserved.



On the inside looking out . . . the main gate, as seen through a warder's window inside the Johannesburg Fort.

Picture: Sean Woods

GOOD HOPE CENTRE FM 22/11/91

Super thinking

288

Cape Town City Council's white elephant, the Good Hope Centre, could become the Sun City Superbowl of the south if Sun International takes over the complex and renovates it for supershows.

The cavernous multipurpose centre has notched up huge operating losses since it was built in 1977. It was controversial from the start. The original cost estimate of R6m more than doubled to R13m in two years and the inverted teacup design sparked a wave of protests.

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The council has tried for some time to get a private developer to take over the centre. In 1987, it was reported that a luxury hotel would be built in the adjacent car park and that the centre would be converted into an international conference venue. Nothing happened. FM 22/11/91.

Certainly, SA's newly gained international acceptablity means more top-class entertainers and sports stars are likely to visit the country, but Cape Town lacks a suitable large audience venue.

The Good Hope Centre has the potential to be upgraded into a venue seating 5 000-10 000 people. In 1988, a crowd estimated at 10 000 crammed in to see Nobel Peace Prize winner Mother Teresa. The centre was once converted into a 5 300-seat indoor tennis stadium.

It was reported in Cape Town last week that an announcement was expected this month that Sun International will take over the centre but SI CE Ken Rosevear says nothing has been finalised.

There have been discussions with the city council but no formal negotiations have taken place. He says SI uses the centre occasionally; the Georgian dance company recently performed there.

But a takeover of the centre will be pursued only if it is in the interest of both the city council (which it most certainly seems to be, considering the accumulated losses) and SI (which it could be if there is continued demand for a large entertainment venue in Cape Town).

SI's restraint on operating within SA expired in March and the company is free to look at projects in the country.

"We will obviously do this on a selective basis as and when it would seem commercially attractive to Sun International," says Rosevear.

Rosevear reaffirmed to the *FM* that SI has no interest in Club Mykonos. He did so

FM 22/11/91

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initially when approached for comment last month (*Economy* November 1) but strong rumours of SI interest in the project again surfaced in Cape Town last week.

The basis of the rumour was that SI has offered to take over Club Mykonos — the R100m flagship of the collapsed Masterbond Trust group — and bail out the investors who stand to lose their money, in return for a gambling licence and a 150 km exclusion zone. ■

SA could double its tourists — expert

288 ARG 23/11/91

GORRY BOWES TAYLOR
Weekend Argus Reporter

INTERNATIONAL tourism expert Dries de Vaal sees no reason why South Africa cannot readily double the million visitors who come here each year.

Mr De Vaal is joint senior partner in Greene Belford-Smith, British management consultants, which is a division of Touche Ross, a member of DRT International.

After his name are the letters MHCIMA (Member of the Hotel, Catering and Institutional Management Association), and FBHA (Fellow of the British Association of Hotel Accountants). He is in charge of the company's hotel and tourism consultancy and international activities.

He says our game parks are good, our flora and fauna unique and our scenery's here to stay. Roughly, that's called eco-tourism, which is particularly fashionable in Europe and North America.

Our climate's good and our wines slip down easily, though the food that accompanies them could do with a slight stir-up. But then our chefs have not been exposed to international perfection and preferences, he says.

The Japanese like raw fish and to splash in their baths. Give it to them, he says. The Germans like this, *ja wohl*, and the French like that, *n'est pas*. "You need the foreign currency." Go for the A-class high spender.

And South Africa, because of exchange rates, is cheap for the visitor, he says. *Bon marche, yasui, billig*. "You do not realise how cheap you are!"

"France has 43 million visitors a year, the United States 37 million, Spain 36 million and the United Kingdom 17 million."

When he puts it like that you realise we have a long way to go. Happily, this high road ahead has a name, it is called our "Scope of Growth".

"The money that tourism could bring is very important, and bear in mind tourism is a major source of job creation.

"For every 11 extra visitors you manage to attract, one new job is created."

"Any financial support given by the government to its tourism will turn out to be the cheapest way in rand terms of creating new jobs.

"It only costs R7 600 of government subsidy to create one new permanent job in tourism."

Tourism is also an "economic multiplier", where every rand spent by another visitor means another R5 gets spent in an economic ripple.

"An extra visitor buys an extra can of Coke, which needs to be manufactured, stored, distributed, sent to a wholesaler, and sold."

Tourism is also an instant source of cash whereas a new industry would not see profits for five to 10 years, Mr De Vaal says. "Tourism is your brightest star in your economic firmament if you manage it well."

How would he suggest we manage it well?

"You must get your air transport sorted out, which seems to be happening now that other airlines are going to be allowed to fly to South Africa, and you should solve one or two infrastructural problems — like lack of good tourism coaches.

"You have wonderful roads here, that was one of my biggest surprises, and they're empty compared to roads in Europe.

"You need to train the people to work in the industry. One mistake I've heard people make is to say, ah well, it's a low skill industry and it'll be easy to put the unemployed into it. That's a very dangerous thing to say. You'll need to provide more educational infrastructure than exists at the moment."

Only once is this positive streamline-minded man negative, and that's when we discuss this country's violence. Surely it puts people off?

Yes, he says, it's on the front pages of the newspapers abroad and potential tourists thus head elsewhere.

Mayor and restaurants talk it out

(288) CT 23/11/91

Municipal Reporter

CITY Mayor Mr Frank van der Velde had an "amicable" meeting yesterday with representatives of 12 waterfront restaurants — a week after he had criticised their prices and service.

He and Mr Derick van der Merwe, who spoke for the restaurateurs, said afterwards they had agreed on all the topics discussed.

The press was not invited by either party. A Cape Times team was politely refused entry to the V & A Headquarters boardroom where the half-hour meeting, attended by about 20 people, took place.

Mr Van der Velde said after the meeting: "The establishments at the Victoria and Alfred Waterfront are very concerned about portraying an image of excellance, and they realise their importance as a focal point in the tourist industry.

"That is why they called this meeting . . . to discuss problems, if any, and the future of tourism."

He said he was sure the waterfront would "be responsible for a bumper tourist season".

Waterfront managing agent Mr Steve Hassel, who also spoke for the restaurateurs, said: "Any venue that purports to be a market leader must expect criticism. We must be big enough to take it."

Mr Van der Velde said his comments at Captour's annual general meeting a week ago had been based partly on his own personal experience.

His office also received some letters of complaint, and he had read similar letters in the press.

business.

Hope for Sudwala

S/Times (Buss) 24/11/91

Business Times Reporter (288)

NEW owners of the liquidated Sudwala timeshare resort near Nelspruit have thrown a lifebelt to buyers who feared they had lost their money. The resort was sold at an insolvency auction for R4,1-million to Gethlane Lodge owner Keith Lodewick and Maria Kolatsis. A scheme put together by them, Boland Bank and Timeshare Institute of SA gives investors the option to retain their rights by paying an extra amount ranging from R1 750 to R2 450 and a levy for next year ranging from R175 to R395.

The offer is limited so far to investors who were financed by Boland Bank, but Mr Lodewick says he will try to extend it to all.

Investor committee chairman Bert le Roux says: "We have tried hard to solve this complicated issue. We faced the possibility of losing the lot."

Timeshare owners who do not take up the offer will be entitled to collect dividends from the sale, but they are not expected to receive more than 10c in the rand.

R YACHT

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More cut-price hotels for Sun

By ZILLA EFRAT (288)

SOUTHERN Sun will launch another hotel brand next year as part of a major shift in marketing direction.

It is also making changes in its top management structure. Not included in this list is Peter Smith, who was managing director of Southern Sun.

Group managing director Ron Stringfellow says that for Southern Sun to improve its prosperity, it has to become more market-focused. S Times (Bus) 24/11/91

The group will dismantle its geographically-based management structure and replace it with clearly defined hotel brands, each aiming at a distinct customer group.

Another brand of hotel will be added to Southern Sun Hotels, Holiday Inn, Southern Sun Resorts and the new limited-service chain, Formule 1.

The new brand, based on a novel hotel concept, will be aimed at the economy market. Although he will not comment further, Mr Stringfellow says the move may involve construction and conversions of hotels.

As part of its rationalisation, Southern Sun has sold the Bloemfontein Sun, Secunda Inn, Gold Reef City and the Palace in Durban.

Mixed signals from rejigged Southern Sun

288

CT 25/11/91

From CHERILYN IRETON

JOHANNESBURG. — Mixed signals are emerging about the health of the Southern Sun group, which announced a restructuring of operations and management at the weekend.

In related developments it emerged that: The group is to launch a new budget chain of hotels next year; Southern Sun Hotels MD Peter Smith is likely to leave the group as a result of the reshuffle; the hotel group has had one of its leanest years ever with occupancies to end-September at worrying levels; and the board toyed with the idea of closing some of its Cape hotels for the winter months because of poor business.

But parent SA Breweries dismissed suggestions of serious financial problems within the group. Financial director Selwyn MacFarlane described Southern Suns' performance in the six months to end-September as "one of the positive features of our results". He said the loss recorded was marginal and "miles better than previously".

Even so, Southern Sun Holdings group MD Ron Stringfellow confirmed the group experienced one of its leanest periods yet because of the recession which hit the domestic market and the lack of foreign tourists after the Gulf war. Dismal occupancy rates, coupled with the strain on finances imposed by centralised wage bargaining, affected profitability.

But Stringfellow believes fortunes have changed: Hotels have seen an upturn in foreign tourists in October and November; bookings until January are good; and a large influx of Japanese and Taiwanese tourists is expected in July and August.

These prospects prompted the refocusing of operations which will see the geographically based management structure untied and the group reshaped into five clearly defined hotel brands.

It is not clear whether this was the cause of the departure of Southern Sun Hotel Holdings MD Peter Smith from the group. Smith's labour lawyer, Rod Harper of Webber Shepstone Findlay said, however, that Smith had not resigned.

"The parties are presently discussing the basis and conditions upon which he may leave Southern Sun."

It will be made known by January which hotels will move from the Southern Sun and Holiday Inn fold into the group's new budget division. Southern Sun will house four and five star hotels, Holiday Inn will maintain its core brand of city hotels and its resorts will fall under Southern Sun Resorts.

Despite weekend reports that the board was examining the feasibility of shutting some of its Cape hotels for the winter months, Stringfellow said this was not being looked at seriously.

"We have had Japanese and Taiwanese tour operators out here and they are keen to bring around 10 000 visitors to SA. Their peak travel period is July and August and Cape Town is an obvious destination."

veiled by government officials last week is likely to be rejected by the multiparty educati

WILSON ZWANE

change; that the political, economic and social imperatives have changed ...

Sudwala's owner makes an offer

PETER GALLI

THE new owners of the Sudwala Lodge timeshare resort in Nelspruit say they will try to accommodate existing timeshare owners. B/Day 25/11/91

However, not all timeshare owners are able to benefit from the offer, which involves permanent right of use in terms of a share-block scheme for a payment of between R1 750 and R2 450 and an annual levy that will vary from R175 to R395.

The offer applies only to investors who were financed by Boland Bank. "I am considering extending the offer to other investors who have met their financial obligations, either by cash or loan finance," said new owner Keith Lodewick.

The resort was sold at an insolvency auction last week for R4,2m to Lodewick — owner of the Gathelane Lodge — and Maria Kolatsis.

Frank Pennington and Capeshare were the parties involved in the original development.

Normally, a buyer in an insolvency liquidation is under no obligation to accommodate timeshare owners, who are only entitled to a concurrent dividend which, in this case, is not expected to be more than 10c in the rand. (288)

While the additional payment excludes VAT and RCI membership, RCI has agreed to partially subsidise registration fees. Boland Bank has also indicated it would, in principle, be willing to grant further financing to approved investors.

Buyers who have proved claims will still be entitled to collect their dividends and the investment funds in the name of buyers will not be changed.

Investors' committee chairman Bart le Roux said the committee had been working closely with a number of organisations to find a solution to the problem.

"We could have lost everything and are delighted with the generous solution. However, I hope the offer can eventually be extended to all buyers.

Midrand gets its first hotel at a cost of R35m

BDay 26/11/91

(288)

PETER GALLI

MIDRAND is to get its first hotel with the construction of the R35m, 178-roomed, three-star Midrand Park Hotel.

The hotel, which will be built west of the N1 Johannesburg/Pretoria highway at the Olifantsfontein Road offramp, is being developed by Gold Fields Property. It will be operated by Oaktree Park Hotels trading as Park Hotels.

Construction of the two-storey building is expected to begin in January and the hotel should open its doors in March 1993. The hotel will cater for business travellers, conferences and sporting groups.

"Park Hotels is a niche hotel group that is developing hotels in decentralised, office park-type areas. We are currently looking at 16 options, of which six are strong possibilities," Park Hotels director Brian MacMahon said in an interview yesterday.

The company was looking at development prospects on the East Rand and in the western Cape, and two more hotel developments were expected to be announced soon. Negotiations with major financial institutions for the financing of these two hotels were well advanced, MacMahon said.

Park Hotels chairman Peter Bold said all future Park Hotels would follow the standard pattern set by the Midrand Park Hotel. Several hundred million rands would be spent developing niche decentralised hotels countrywide.

Decentralised areas were active growth areas which needed business hotels and the group believed it was filling this gap. For instance Midrand had numerous new conference facilities but no hotels.

"As the hotel is just off the highway, the noise factor was taken into account. The site slopes away from the offramp and parking and public facilities have been placed on that side to help screen the rooms from traffic noise," Bold said.

Room tariffs are expected to be lower than those for other three- or four-star hotels, with 1993 rates targeted at about R160 a night for a single room and R270 for a double, excluding VAT.

Each of the rooms will be 27m², with the feasibility study showing weekday occupancy of about 65%, falling to 25% at weekends, giving an average of 55%.

Park Hotels recently announced a hotel development in Ruimsig.

"Many companies are holding their conferences at weekends as it is unprofitable to do so during the week. The Ruimsig hotel allows relaxation with golf, while the Midrand hotel is close to Kyalami race course," MacMahon said.

New hotel group launched

By Frank Jeans (288)

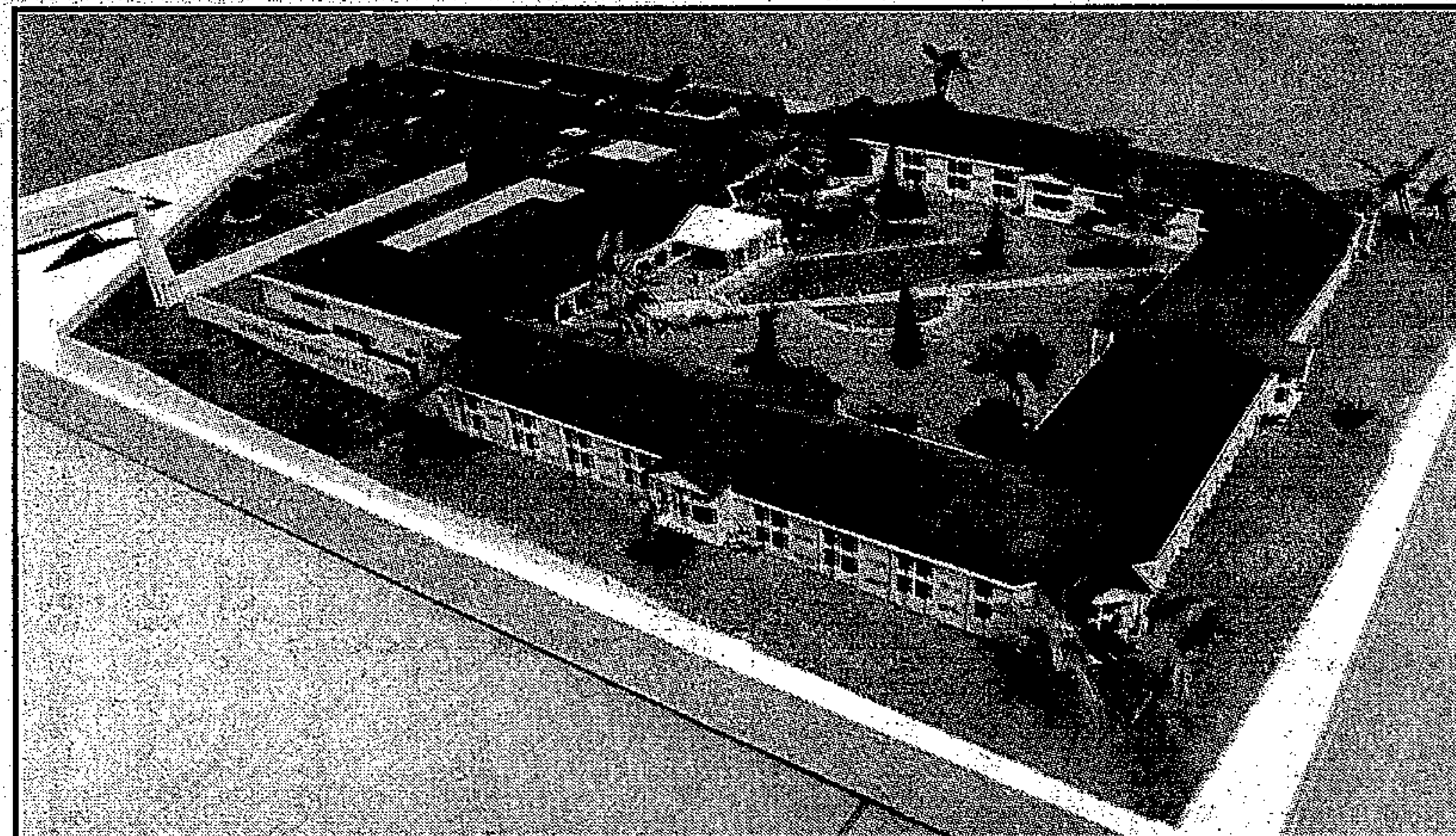
A new hotel group is entering the South African market with a R35 million 178-room hotel in burgeoning Midrand.

The Gold Fields property company's venture will be leased and operated by the newly formed Oaktree Park Hotels, which aims at further projects in the business and leisure-oriented hotel market on the back of the expected renewed growth of the tourism industry.

The Midrand Park Hotel — construction will begin in next January — will be on a prime site beside the Johannesburg-Pretoria freeway at the Olifantsfontein Road off-ramp.

It is scheduled for completion in March 1993.

Building will also begin in January of Oaktree's 118-room hotel — the Ruimsig Park which is being leased from Ruimsig Developments.



Gold Fields venture ... an artist's impression of the new R35 million 178-room hotel in Midrand.

STAR 26/11/91

Chairman of Oaktree, Peter Brian Bold, was involved in the architectural work on the Carlton Hotel and Sandton Holiday Inn and was managing director of the company which developed Le Galawa Beach Resort Hotel on Comores Island.

At a Gold Fields press briefing in Johannesburg yesterday, Brian MacMahon, marketing and development director of Oaktree, said: "Apart from Midrand and Ruimsig, further new hotel developments are being negotiated by our company.

"The Park Hotels chain will provide three-star, full-service hotels in suburban and decentralised office park and industrial areas in southern Africa."

Tour operators gear up for tourist boom

STAR 21/11/91

By Helen Grange, Pretoria Bureau 288

South Africa's tour operators, expecting a tourist boom, are busy marketing their wares at trade fairs in London and Tokyo.

SA ambassador to London, Kent Durr, said in London this week that South Africa would become the "destination of the '90s". It had suddenly been discovered by the world and particularly the UK.

About 140 000 British tourists visited South Africa in 1989, and this figure would increase, he said.

According to SA Tourism Board (Satour) statistics, the number of UK visitors rose by 0,3 percent between January and July compared to the same period last year.

Most of South Africa's tourists are British. A significant proportion of visitors, however, come to visit family and friends here.

Thousands of Japanese tourists are expected soon, and preparations are being made to cater for their needs.

There is a need for Japanese tour guides and signs and hotels must learn how to handle Japanese tourists.

Satour officials are currently hoping to capture much attention at the Japanese Travel Show in Tokyo. They are also at the World Travel Market in London.

Mr Durr noted that SA had recently become a destination for China Air, Cathay Pacific, Kenya Airways, Aid Egypt and Austrian Airways.

SAA is trying to secure air links with Australia. It recently forged air links with the US and will be increasing its direct flights to New York from next month.

A cablecar ride to the Waterfront . . .

(288) ARG 28/11/91

JOHN YELD, Environment Reporter

PLANS for a R50 million cableway linking the Victoria and Alfred Waterfront with the summit of Signal Hill have been unveiled.

The Waterfront Signal Hill Cableway project, which could be operational in 1993, is being promoted as a major tourist attraction which would take pressure off the Table Mountain cableway.

The developers say it would also provide much-needed funds for the conservation of the mountain through a levy on tickets and could provide between 100 and 200 new jobs directly and possibly as many as several thousand indirectly.

The planned 1 500-metre cableway would be from a lower cable station next to the old Breakwater Prison — now UCT's Graduate School of Business — in the waterfront area, along Western Boulevard, right up Boundary Road to just below Lion Battery midway up the hill, and then slightly right again to just below the summit of Signal Hill.

It would not cross private property.

Outside the waterfront the route would be over public road space until it reached the Table Mountain nature reserve.

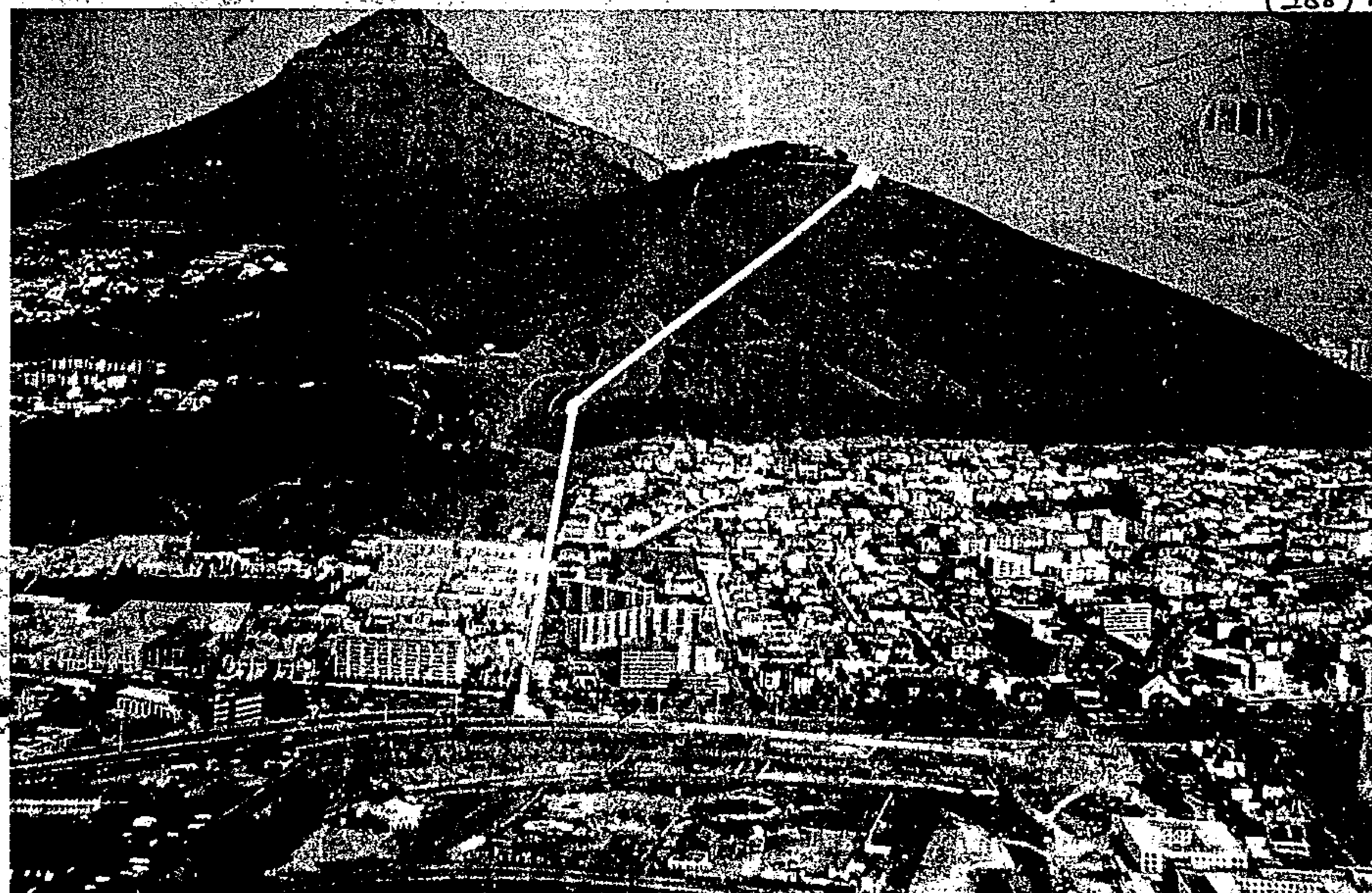
The proposed upper cable station, set into the hill below the road to minimise visual impact, would include a quality restaurant, an environmental centre, toilets, improved parking areas and walkways.

Architect Mr Ken Sturgeon, spokesman for the developers, said yesterday the proposed cableway would be below the skyline and would not be visible from the city.

"We do not want the cableway to be seen from the city bowl. We do not want stark silhouettes of gondolas and towers going up the mountain," he said.

There would be a thorough environmental impact assessment — including a "no development" option — overseen by an acknowledged expert, he added.

Several interest groups, including conservation bodies, had been told and would be in-



HEADING FOR THE HILL: The route of the proposed cableway from the Waterfront to the summit of Signal Hill.

Pakistan visit off: Internal tour instead

Sports Staff

PLANS for a Pakistan cri[illegible] tour of South Africa in Jan[illegible] have been shelved and placed by an internal to[illegible] part of the World Cup pr[illegible]tion.

This is the recomme[illegible] of an ad hoc committe[illegible] United Cricket Board [illegible] Africa, headed by F[illegible] der Merwe, the Eas[illegible]ince president as w[illegible]vener of the nation[illegible] panel, and will be[illegible] fore the 20-man ex[illegible]mittee on Decem[illegible]

United Cricke[illegible] dent Mr Geoff [illegible] week strongly f[illegible] kistan tour, [illegible] South African [illegible] leave for Aus[illegible] er than plan[illegible] warm-up li[illegible] against sta[illegible]

● Full [illegible]

Six d[illegible] in m[illegible]

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JOHA[illegible] ple [illegible] inju[illegible] ea[illegible] volved in further planning, Mr Sturgeon said.

The project team had consulted "many authorities" at 26 meetings, including environmental groups such as Captrust, city councillors and the local ratepayers' association, the Administrator, the ministers of Environment Affairs and of Tourism, environmentalist Dr Douglas Hey and his Cape Peninsula Protected Natural Environment management advisory committee, the ANC regional committee and Captour — "all the main players who could be interested and concerned".

"We have had overwhelming support from every one of them ... They see the advantages, provided the environmental issues are well thought out," said Mr Sturgeon.

No secrets

"The advantages of the cash-flow (ticket sales) are fundamental. There is no other way of getting funding for the mountain."

The developers were not trying to keep their plans secret, although they had not been able to contact all interest groups in the two months they had been working, Mr Sturgeon said.

"We see ourselves at the beginning of a process ... We are very happy to make public presentations."

The tourist benefits of the proposal were "very significant".

The engineering and architectural design could be completed by next August, with construction starting late next year and equipment being delivered in mid-1993. The cableway could open in December 1993.

● More reports, pictures and map, page 33.

Slick campaign sought to exploit tourist potential

288

GERALD REILLY

PRETORIA — SA's enormous foreign tourist potential could not be adequately exploited without a well-financed international promotion campaign, Fedhasa executive director Peter Hearfield said yesterday.

A well-financed campaign was beyond Fedhasa's means and this was why intensified efforts were being made to get government aid.

This year Satour will spend 80% of its R60m budget on direct or indirect marketing.

Fedhasa has persistently tried to persuade government to grant the hotel industry the same export incentive concessions granted other industries. B/day 28/11/91.

Hearfield stressed the industry was not looking for handouts.

It had been rightly estimated that with the correct approach and backed by adequate finance the tourism industry could in time come close to the gold mining industry as an earner of foreign exchange.

The danger was the huge potential market would remain under-developed without the stimulation of a well planned promotional campaign.

Another constraint hampering tourism expansion was the protection given SAA against cheaper charter flights into SA.

Charter flights have to be applied for 28 days in advance to Civil Aviation. For December and January, only seven days notice is needed.

A Transport Department spokesman was unable to say how many charter applications had been refused this year.

CP expects major victory in Virginia

B/day 28/11/91

Political Staff

DURBAN — Whites in SA's right-wing heartland go to the polls today for what is expected to be a resounding CP win.

Although CP officials are officially claiming they expect to win the Virginia by-election by 2 000 votes, they say in private a majority of less than 3 000 will come as a big surprise.

CP candidate Kobus Beyers said yesterday the CP had scooped 70% of about 7 000 special votes posted by yesterday's 2pm deadline.

There are nearly 23 000 registered voters in Virginia, a substantial number of whom — the CP estimates about 8 000 — have left the area as a result of poor economic conditions.

If the CP figures are correct they already have a 5 000-vote headstart on the NP and can expect to cruise home today.

The NP won the seat in the 1989 general election by only 47 votes. The by-election results from the retirement of MP Piet Clase, who was also Education and Culture Minister in the House of Assembly.

Political analyst Wim Booyse said yesterday: "The CP is going to walk it. The only question is by how much."

Beyers said the swing to the CP was the result of "disillusionment with the NP/ANC alliance" and the growing perception that the country would become "a unitary state run by the ANC".

"The NP has no credibility left ... nobody believes it," said Beyers.

He believed the traditional NP polling-day support — the CP led the 1989 election on special votes — "will be a factor, but we also have a lot of people who are going to turn up".

The NP is pinning its hopes on what candidate Jac Kloppers has described as a late groundswell of support resulting from SA's international sporting and diplomatic breakthroughs.

"CP claims that they are going to win by 3 000 votes are wildly exaggerated ... it is going to be a race right to the end," he said.

The by-election is being held on the eve of the preparatory meeting for the multi-party talks and may give an indication of how these are perceived by whites.

Analysts will also pore over the results for indications of how well President F W de Klerk would do in a referendum.

Booyse said for the Virginia result to ring alarm bells for De Klerk, the CP needed to win by 3 500 votes. "If the margin is 3 000, it means the NP could just win a referendum," he said.

The DP, which attracted 600 votes in 1989, has withdrawn from the contest and its supporters are expected to throw their weight behind the NP.

The CP holds six of the 14 seats in the Free State, which were all in NP hands before 1989.

Other factors in the voting are expected to be the recent violence at the President Steyn gold mine in Welkom and anonymous letters sent to black domestic workers in Virginia urging them to murder white children and rape white women.

Kloppers described the letters as "a deliberate, calculated effort by certain whites to sow panic and fear".

REPORT BY: C Whitfield, 11 Osborne Rd, Durban.

Farmers get set to market scheme for rural holidays

288 ~~GEN~~ STAR 28/11/91

By George Nicholas
Agricultural Correspondent

The craving of many urban dwellers to spend short holidays on farms will be assuaged from early next year when a national marketing organisation for farmers offering such facilities may come into being.

About 300 farmers have made their farms available for the purpose, most of them concentrated in the northern, western and eastern Transvaal and in the Free State, and many more are intending to follow suit, but up to now townsfolk have found it very difficult to make contact with them.

According to SA Tourism Board deputy director of tourist development Wally Brandt, only two organisations are known to be offering a marketing service at present.

They are the South African Farm Holiday Association in Cape Town and the Highveld Farm Holiday Association in Bloemfontein, but he says there are many other individual farmers who would like to augment their income by taking in holidaymakers.

Mr Brandt says farmers in South Africa are currently experiencing serious difficulties and many are giving consideration to supplementary sources of income.

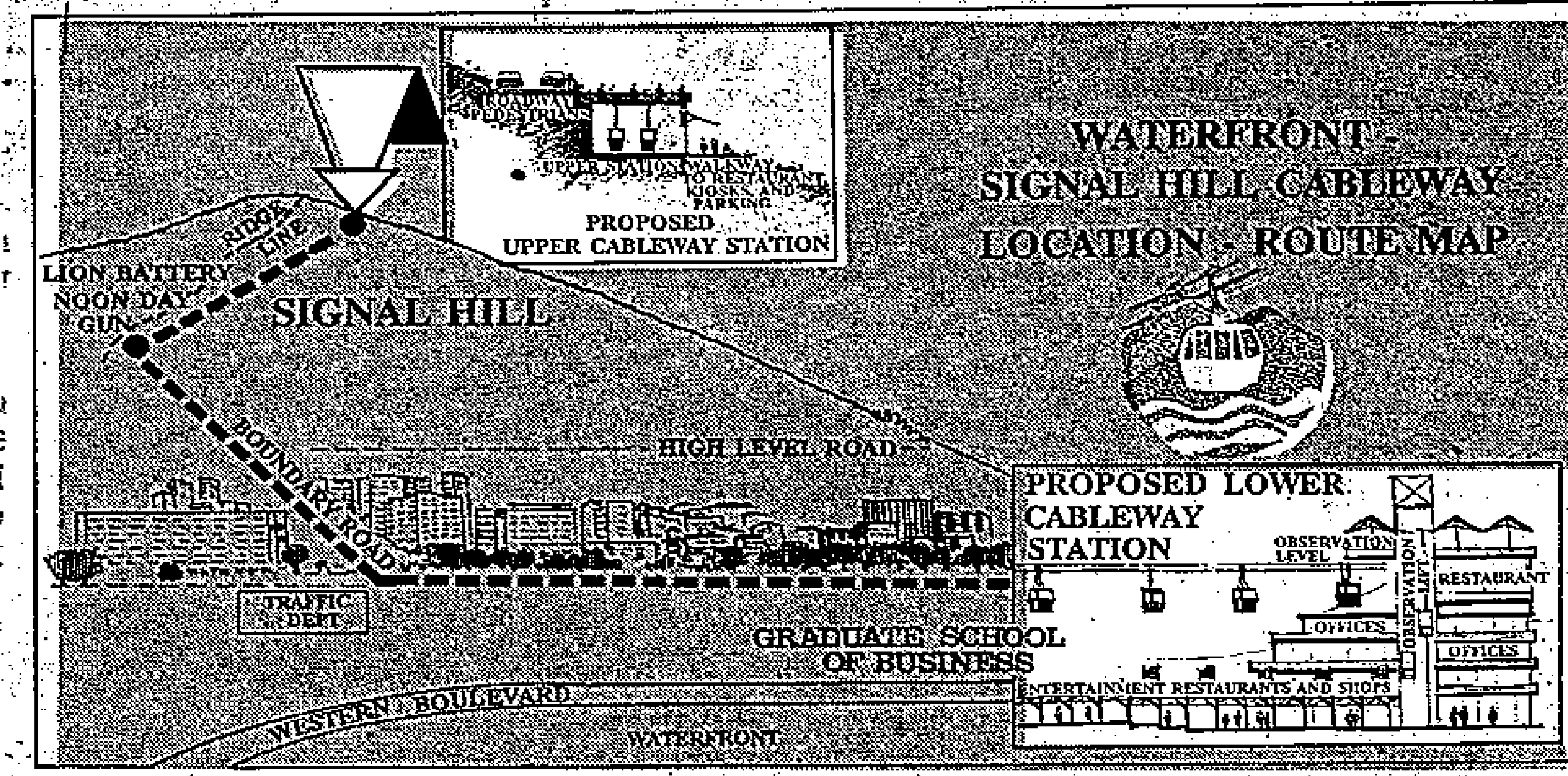
Farm holidays can earn up to R10 000 a year for farmers willing to make their farms available for the purpose. Financial investment in such ventures would be relatively small.

Urban folk staying on farms will develop a better understanding of farmers' problems, and children will come in contact with nature and the environment.

He says all interested parties offering farm holiday facilities have been invited to attend a special conference in Pretoria in February to investigate the possibility of establishing a national marketing organisation.

In the meanwhile, Mr Brandt adds, people who want information on the location of holiday farms should get in touch with their nearest regional office of the SA Tourism Board.

CABLEWAY ROUTE ... The completed Waterfront-Signal Hill cableway will have striking similarities to San Francisco's gondola system at that city's waterfront complex. **Above right:** Starting close to the old Breakwater Prison — which becomes UCT's Graduate School of Business next year — the gondolas would run up Boundary Road to the Noon Day Gun site where an optional stop may be offered and then continue to the top of Signal Hill.



Cable car firm 'did homework'

Staff Reporter

MONTHS of planning resulted in a proposed R50-million cableway from the Victoria and Alfred Waterfront to Signal Hill meeting little resistance when announced this week.

National Monuments Council director Mr George Hofmeyr yesterday said: "They seem to have done their homework."

UCT's botany department head Professor Eugene Moll was asked to lead the environmental assessment.

Captour managing director Mr John Robert said the project would be "very positive" for tourism.

Traffic chief Mr Wouter Smit, asked about increased traffic on Kloof Nek and Signal Hill roads, appealed for more public transport between the two points.

Mr Morrie Silber, chairman of the Green and Sea Point Residents' and Ratepayers' Association, said the cable car "may be a way of livening up our area which is like a cemetery".

The 1 500-metre cableway will begin from a buried lower station near UCT's Graduate School of Business, run along Western Boulevard, up (and seven metres above) Boundary Road to just below Lion Battery midway up the hill and then turn slightly right to just below the summit.

The cableway is expected to open in December 1993.

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New short-stay tour plan for SA

288

CT 29/11/91

LONDON. — South African Airways announced a new low-cost, short-stay programme of tours to South Africa at the World Travel Market here yesterday.

The new package deal aims to entice more British visitors to the country in the "out of season" period.

The new programme, to be known as the "Iza Uzobona (Come and See) Sun Special", is a joint venture between SAR Travel, Southern Sun Hotels and Sun International. They have appointed SAA as official carriers for the Sun Special low-cost tours which are being marketed in the UK by SAR Travel.

Targeted for the programme are younger people in jobs where they cannot spend as much time away from home. It was introduced to journalists at an audio-vidual presentation in SAA's theatre with aircraft-style interior.

SAA's stand is one of its biggest and busiest ever at the Travel Market. Its 1,5-ton banner over the main entrace is the largest silk-screen banner in London.

The tours will operate daily from the UK between April 1 and September 30 next year, said Mr Gerrie Koen, manager of SAR Travel here, which hopes to book 400 people a week.

Durban, with its warm winter, is the focus of the tours. The cheapest package is a nine-day all-inclusive trip to Durban for 690 pounds (about R3 400) per person — sharing a double room.

● SAA rates customer service as a lower priority than any of the other major companies that have recently been commercialised or privatised, according to a recent survey.

The survey was conducted by Service Quality Management, which interviewed top management at Iscor, Transnet, the Post Office, Eskom, Sasol, the SABC and SAA.

SAA spokesman Mr Leon Els said that customer service was one of the company's highest priorities. It ranked productivity first.

SIGNAL DEVELOPMENT

For and against new cableway plan

ARG 29/11/91

JOHN YELD
Environment Reporter

PLANS to build a R50-million cableway linking the Waterfront with the summit of Signal Hill have drawn favourable reaction from environmentalists.

However, some residents in Boundary Road, whose properties will be overlooked by one leg of the proposed cableway, are deeply unhappy and say they will object vigorously.

The residents were also highly critical of the developers for not informing them earlier of the plan. When I spoke to them yesterday morning, letters from the developers explaining the proposal were being delivered.

"They must be joking!" exploded Ms Sandra Lykiardopulos, who lives at No 11 Boundary Road.

"We'll have no privacy. The cable cars will look straight into our properties. There's already more traffic here than should be allowed and now we'll have tourists peeping into our pool area."

Noise would also be a problem, she said.

Her neighbour, Mr Hans Abel at No 13, said: "No, no, that's ridiculous!" when told of the proposal. He had also not been informed and would definitely protest, he said.

"Personally, I don't want anyone dangling on top of my house and staring at my pool," he said.

The influential Flora Conservation Committee of the Botanical Society said the plan's raised a number of questions, including how much of the ticket revenue would be used for the conservation of Signal Hill and what the effects would be of the increased use of paths and vegetation.

Dr Douglas Hey, chairman of the Cape Peninsula Protected Natural Environment management advisory committee who served as a one-man commission of inquiry into the future of Table Mountain in 1977, said the proposal was "very interesting".

"We report to the Administrator and it would be quite out of place to comment at this stage," he said.

Professor Eugene Moll, head of the botany department at the University of Cape Town and co-author of several reports on Table Mountain, said he had not seen the plans.

"But if this is going to bring more people who can pay for conservation in terms of a percentage of their fares, it will be very important," he said.

"The mountain is a park in the city and the more people who use and enjoy it, the more people there will be prepared to fight for it."

The levy should be a substantial, fixed percentage — 10 or 20 percent — of the cableway ticket. It had to be used directly for conservation management, Professor Moll said.

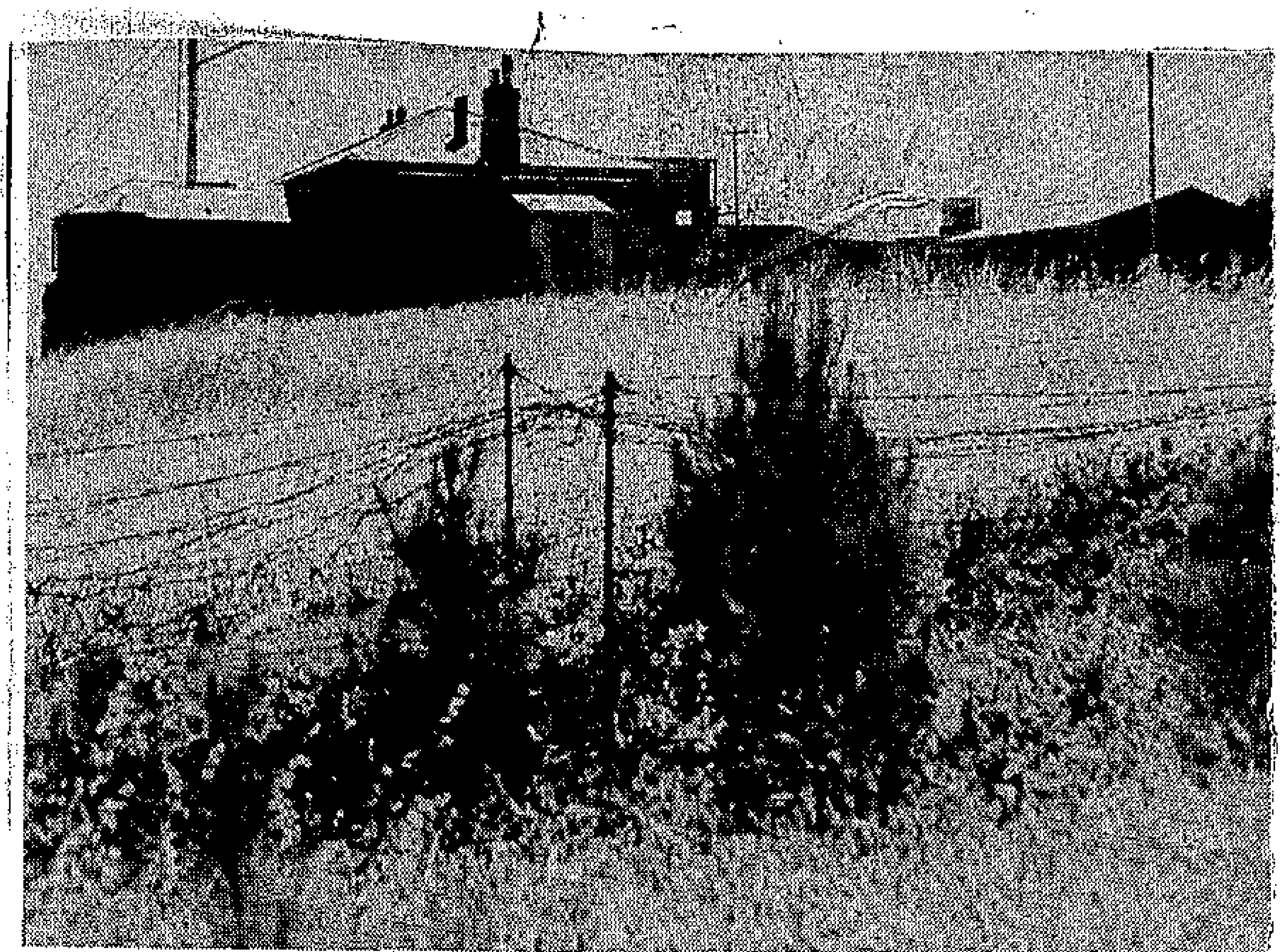
Ms Joanna Marx, vice-chairman of the Cape Environmental Trust (Captrust), said she was favourably impressed and the planners had done their homework "very well".

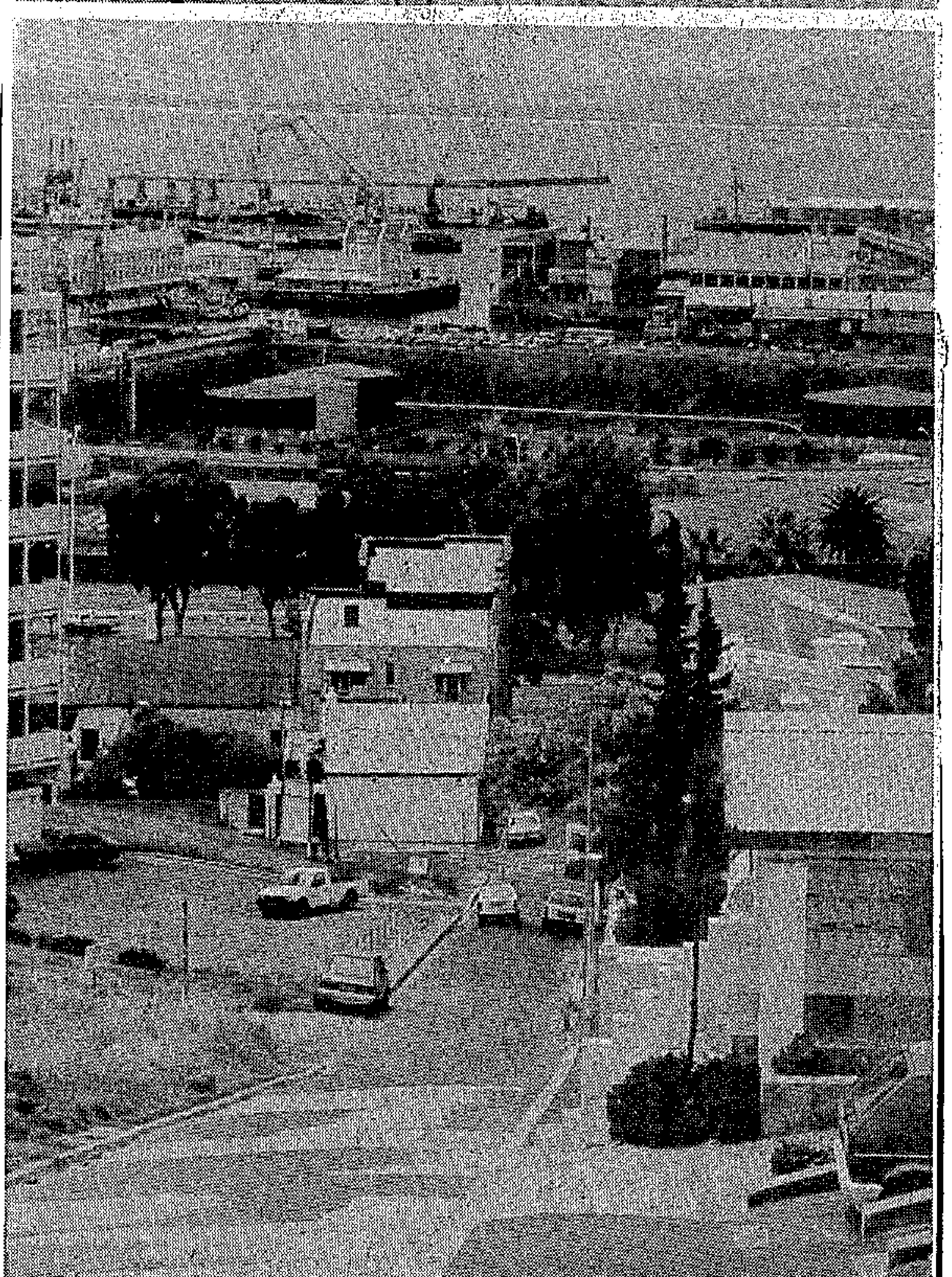
"They have really thought out a lot of things. In view of the pressure on top of Table Mountain, I am very much in favour of re-directing the bulk of people," she said.

Mrs Glen Moll, author of a Table Mountain conservation book, said the plans appeared to have been done "very sensitively".

"And I particularly like the fact that it will not alter the skyline at all," she added.

"The mountain is an incredible resource for Cape Town and I think if this proposal can help the city and in particular help the conservation of the mountain (through ticket levies), it has my full support."





CONTROVERSIAL CABLEWAY: Tenders to rent the disused signal station, top, on Signal Hill and convert it into a restaurant were called for by the Department of Public Works. However, the proposal never materialised and the dilapidated buildings were demolished eventually. Centre: The existing view down Boundary Road between High Level Road and Main Road, Green Point, which forms part of the second leg of the proposed cableway route. Above: Concerned Boundary Road property owners Hans Abel and Sandra Lykiardopulos who say the cableway will seriously infringe on their privacy and could be noisy.

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Wine mark-ups will end only when diners complain

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Biday 29/11/91

THE expense incurred by restaurants in the selection and maintenance of their winelists is a frequent subject of conversation in food and wine circles.

Diners, of course, argue that whatever these costs, there can be no justification for the 200 to 300% markups which are commonplace even in steak house-type establishments. Licensees naturally dispute this. They maintain that in addition to the actual cost of running a wine cellar, a proportional amount of their net income must derive from wine sales. As the recession bites deeper it is worth examining this logic.

Firstly, there is no reason why wine drinkers should subisidise teetotallers in licensed restaurants. The argument that wine sales must contribute a disproportionate amount of revenue because the food mark-ups are inadequate is plainly unjust.

Secondly, the average restaurant invests very little money in maintaining its so-called cellar stocks. Most establishments buy their wine on a hand-to-mouth (literally) basis.

Thirdly, wine service is hardly a costly, time-consuming or specialist activity. There cannot be more than a dozen establishments in the PWV area where the word "sommelier" would pass as an accurate description of the man who wrestles the cork out of the bottle.

Finally, we come to the undisclosed and rather tricky matter of sponsored winelists. There are only a countable number of licensed eating places that actually select their own wines without supplier "assistance".

When next you visit a restaurant and see a list comprising Drostdy sherries, a disproportionate amount of Fleur de Cap, Stellenryck, Uitkyk, Alto, L'Ormarins, Meerlust, La Motte, Goede Hoop and Allesverloren, you can reasonably assume that it falls under the control of The Bergkelder. A high percentage of Douglas Green, Bellingham, Blaauwklippen, Delheim, Groot Constantia and Weltevrede tells of a Douglas Green Bellingham sponsorship and so on.

If you find the choice satisfactory, well and good. But if you think you are getting too much of the same sort of thing, you have grounds for being extra resentful about the licensee's mark-ups. Sponsored wine lists are a legitimate marketing weapon, as far as the wholesalers are concerned. Rank violations of consumer choice flow from the lack of discrimination of restaurateurs. These will cease only when diners refuse to accept high-priced junk without comment.

MICHAEL FRIDJHON

FM 29/11/91.

PHINDA STAYS TRANQUIL

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Despite the furore over the collapse of Masterbond, all appears tranquil at Phinda Nyala in the Phinda Resource Reserve — the luxurious Natal game lodge which was exposed to Masterbond to the tune of about R40m.

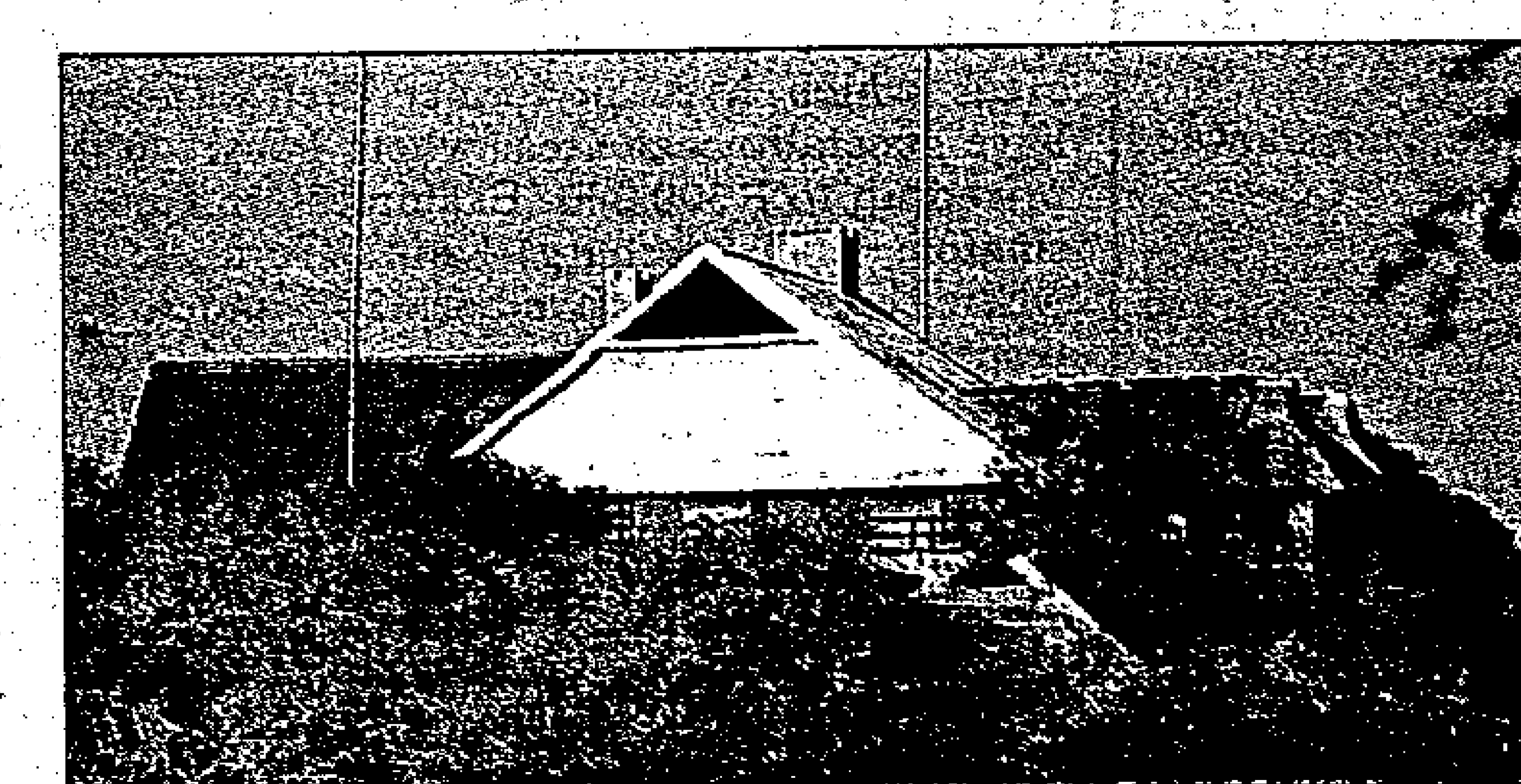
The resort — which opened its doors to the public on October 30 — already reports steadily rising hotel occupancy levels. Alan Bernstein, MD of the Conservation Corporation which owns Phinda, says: "I'm comfortable that all those debenture holders who invested in Phinda debentures — even if they didn't know it — will recoup their investments."

He explains that though the organisation was exposed to Masterbond, it had put in place what was then a standby underwriting facility with Hambros of London and Fedlife. "That obviously became less standby when Masterbond collapsed," Bernstein says.

He adds that there are a series of debentures which must be repaid over time. Conservation Corporation is in the process of discussing with Masterbond's curators the possibility of early repayment.

The R5,5m 46-bed Phinda Nyala (pictured) is the first of four luxury lodges planned for the 15 000 ha Phinda reserve, located between Mkuzi Game Reserve and Lake St Lucia.

The owners say the facility blends into a mountain summit with a full view across the Ubombo mountains and Maputaland's coastal plain.



The main lodge includes a spacious lounge and dining area, a curio shop and a conference room for 20 people. Three outdoor terraces and a swimming pool area are cantilevered off the hillside.

The 23 luxury bush suites blend into the rocky outcrop and have been individually sited and designed for maximum privacy and view potential. Most of them are built split-level and comprise a spacious bedroom, sunken lounge, full bathroom and separate toilet.

Dave Varty, chairman of Conservation Corporation, says R2,2m, or nearly half of the lodge construction cost, was ploughed into the local economy through 400 people's wages and the purchase of local building materials.

Bid to entice more UK visitors

KIN BENTLEY

LONDON — SA announced a new low-cost, short-stay programme of tours to SA at the World Travel Market yesterday. This is aimed at enticing more British visitors to the country "out of season".

It has long been the objective of the tourism industry in SA to extend the holiday season beyond the traditionally popular Christmas and Easter.

The new programme, to be known as the "Iza Uzobona (Come and see) Sun Special", is a joint venture by SARtravel, Southern Sun Hotels and Sun International. They have appointed SAA as official carrier and the tours are being marketed in the UK by SARtravel.

SAA marketing manager John Matthews said the aim of the programme was to "open up a new market from the established up-market, long-stay visits".

29/11/91

Targeted by the programme are younger people in jobs who cannot spend much time away from home and would prefer shorter, less expensive holidays out of season.

It was introduced to journalists at an audiovisual presentation in SAA's own purpose-built theatre with aircraft-style interior.

SAA has one of its biggest and busiest stands at the World Travel Market. Its huge 1,5-ton banner over the main entrance is the largest silkscreen banner in London.

Matriculants will receive standardised certificates

B/Day 29/11/91

DAVE LOURENS

ALL matric students will receive the same certificate in future regardless of which education department they wrote under, following a proclamation in today's Government Gazette.

SA Certification Council executive director Fred Calitz said after September next year senior certificates for matric and national N3 certificates, the technical equivalent, would be issued by the council.

This year's examinations would therefore be the last to be certified by the 10 different departments.

The examining body would not be mentioned on the new certificate, but the certificate would still indicate whether a candidate had met the minimum requirements for university entrance as set by the Committee of University Principals.

Consistency in standards would be ensured using techniques developed by the Joint Matriculation Board. Common external moderators would check the standards of questions and the marking memorandums, and there would be statistical adjustment of marks.

Retaining the Joint Matriculation Board methods would ensure a smooth transition without disruption and would preserve the integrity of present certificates, but research would be conducted into how to improve and refine those methods.

The ultimate goal was that the new certificate should strike the correct balance between the interests of candidates and those of employers and higher educational institutions.

If a candidate did not obtain a full senior certificate, a certificate of subjects passed would be issued.

Two companies provisionally wound up in Fundstrust case

B/Day 29/11/91 (288)

LINDA ENSOR

CAPE TOWN — Two property development companies which owed about R15,3m to collapsed fund managers and property developers, Fundstrust, were provisionally wound up in the Cape Town Supreme Court yesterday.

The application was brought by the provisional liquidators of Fundstrust, Ralph Millman of Cape Trustees and Lawrence Stein of Lawrence Stein Trustees.

Newhaven Holiday Enterprises cc, which is developing a resort in Knysna, had a R7,8m loan from Fundstrust, and Brakkloof 1989 No 49443 Property cc had a R7,5m loan to purchase a property called Solar Beach at Plettenberg Bay. Both loans were advanced on November 1 by Fundstrust.

Thirty one cabanas had been constructed as part of the Newhaven development and were presently being marketed under sectional title. Sales worth about R6m had been concluded, Millman said in his affidavit. A further R3m would be required to complete the development.

Newhaven was 90% owned by Fundstrust director Barrie Engelbrecht, the other 10% being held by a Mr Thiart. The personal estates of Engelbrecht and his co-director Ansie Kamfer were provisionally sequestrated on Wednesday.

Brakkloof is 50% owned by Engelbrecht and 50% by Kamfer as nominees of Fundstrust. The company bought land in Plettenberg Bay which it subdivided into plots and sold. Millman said 57 plots had not yet been sold or transferred into the names of the purchasers.

He believed that Fundstrust provided the entire funding of Brakkloof.

Millman said if the companies were not provisionally liquidated their financial position would deteriorate rapidly.

Mr Justice S Selikowitz was on the bench and R W Tainton appeared for the provisional liquidators.

☐ No one who had bought property from the two provisionally liquidated companies were financially at risk, Stein said yesterday.

If erven bought in Plettenberg Bay from Brakkloof had been transferred into the purchaser's name, then the assets were secure. Where transfers were in the process of being finalised, the provisional liquidators would in all probability ratify them, Stein said.

No transfers had taken place in Newhaven, Knysna, as the sectional title register had not yet been opened but there was no chance that people would lose their deposits, Stein added.

Meanwhile, it emerged from a circular sent out to investment creditors by the provisional liquidators of Fundstrust yesterday that they were investigating the reasons why substantial assets of the company were held by Engelbrecht and Kamfer as nominees, and not by the company.

It was to prevent the pair alienating these assets that their personal estates were provisionally sequestrated.

Stein said it was "very unusual" for assets to be held by nominees.

TOURISM FM 29/11/91

The Cape's mixed picture

It's a buyer's market in Cape Town as hoteliers prepare for a dismal Christmas season. Bargains include packages that allow a family of four to stay in a five-star hotel for effectively R40 a night each. (288)

The two main hotel groups operating in

FM 29/11/91 (288)

the city, Protea and Southern Sun, have both slashed rates simply to get a respectable flow of guests through their doors.

Protea MD Arthur Gillis blames the recession. "Domestic tourists just don't have the disposable income of a year or two ago."

Overall, 1991 has not been a good year for tourism. Gillis says the Gulf War destroyed the foreign tourist market in February and March, the best months for overseas visitors. "It was a disaster. In previous years, Cape Town has been full over that period; this year it was virtually empty."

Protea's Christmas packages offer rooms at eight of the group's three-, four- and five-star hotels in Cape Town, Gordon's Bay and Somerset West at a rate of R799 for five nights. The rooms can accommodate two adults and two children. The normal room rate is around R400 a night.

Southern Sun Holdings MD Ron Stringfellow says October and November are good months for foreign tourists while December and the first half of January are not popular with the overseas' market so hotels have, in the past, relied on local tourists to fill beds in that period. But the recession is keeping many of them away this year.

His group is also offering cut-price packages in Cape Town.

Bruno Corte, Federated Hospitality Association of SA's hotel operations committee chairman, says the Christmas season does not look good for hotels, though there is light at the end of the tunnel.

The rapidly increasing number of foreign airlines flying to SA means the country is being marketed overseas much more vigorously. This is bound to increase tourism.

Gillis agrees. Protea's bookings for February and March are already back to last year's level, which was 30% higher than the same period this year. He expects an occupancy of about 80% over the period, with most growth coming from foreigners.

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Stringfellow says Southern Sun bookings for the period from mid-January to April are going well and signal a climb out of the slump the industry has been having for some time. Last week, Southern Sun announced an organisational and management restructuring to prepare the group for the expected upswing in tourism next year.

Corte says all hotels will have to change their styles to survive. Overheads will have to be trimmed considerably and there will need to be a move towards providing more mid-price hotels with fewer services but high quality.

Cape Town hotels may be feeling the pinch but tourists will still flock to the city this Christmas, says John Robert, MD of Captour, Cape Town's tourism promotion agency. He says only about 20% of domestic tourists and 30% of foreign visitors stay in hotels; so they are no longer an accurate barometer of tourism trends.

The number of visitors to Cape Town is still growing faster than the number for any other local holiday destination. Indications that this season will surpass last year's include:

- Bookings with tour operators who expect a better season than last year's, though not as good as 1989. Long-term bookings promise a tourist boom next year;
- From January to September the number of visitors to Captour's central Cape Town information office increased by 13%. The increase for September alone was 30% and most were foreigners;
- Information given by immigration officials shows an increase of 52% for the first nine months of the year over the same period last year in the number of foreign visitors who travelled directly to Cape Town by aircraft or ship; and
- Phenomenal growth in the Cape's bed-and-breakfast sector. ■

Mixed signals over proposed cable car link

288 ARG 30/11/91

Weekend Argus Reporters

THE proposed R50 million cableway linking the Victoria and Alfred Waterfront with the summit of Signal Hill has met with some support — but strong opposition as well — from Weekend Argus readers.

The project, which could be operational in 1993, is promoted as a major tourist attraction which would take pressure off the Table Mountain cableway.

Of the 143 readers who phoned in yesterday 80 supported the idea while 63 gave it the thumbs-down. The supporters' main reasons were similar to those advanced by the developers — that the project would ease unemployment and help promote tourism.

Mr William Saunders of Milnerton said: "Yes, anything that helps to raise funds to preserve the mountain must be encouraged."

It would encourage more tourism and so create more jobs, said Mr Zolile Mlamli of Woodstock.

Some of those who agreed with the idea expressed reservations about the fact that the cableway would run through a residential area.

"I think they should do a little bit more thinking," said a Rondebosch resident.

Those who expressed disgust, like Mr Robert Conning, said the project would ruin the natural beauty of Signal Hill, infringe on residents' privacy in Boundary Road and that it would be an eyesore.

Others were baffled by the authorities' ability to have "ready money at the drop of a hat" while worthy causes were often overlooked.

Said Mr Cotheo Otten of Newlands: "Signal Hill is very natural as it is at the moment. A cableway has no purpose at all."

Mr N G Dominie of Table View agreed: "It's going to be a blot on the environment and I'm afraid it's going to be a white elephant in the long run."

A caller who wished to remain anonymous said: "These guys never fail to amaze me. Last year we had to fork out to help Groote Schuur Hospital raise funds for a worthy cause. But now out of the blue they want to spend R50 million on a completely useless thing. Where does the money come from? I think it's absolute nonsense if not downright stupid."

Mr H Abel said, "It's disgraceful to have a cableway running through a residential area. I think it's a thoughtless idea."

"This is a horrifying thing. Cape Town had been unspoilt and now residents must be exposed to the bad sight of cheerful holiday-makers riding like monkeys past their windows," said Ms Lin Sampson of Gardens.

Mr Geoffrey Squire of Wynberg was more forthright. "It's a disgrace that the people who have bought property there should suffer. And then how many cars and buses are going to be using the road up Signal Hill?" He slammed "big business" for intruding.

Clean up litter, says tour boss

(288) ARGT 30/11/91

CLIVE SAWYER
Municipal Reporter

THE first wave of tourists has landed in Cape Town — up to their ankles in litter, says Captour managing director Mr John Robert.

And some long-suffering suburbanites yesterday found uncollected refuse in their streets as "sporadic" industrial action left bags piled up in the streets of the "Fairest Cape".

While the city council puts its mowers in top gear to cut the verges tourists see on their way to scenic attractions, telephones are ringing at Peninsula cleansing depots to report refuse staying for the weekend.

The dispute over the cutback of collections to once a week in some areas is the cause of alleged wildcat "go-slows".

City engineer Mr Arthur Clayton said he was trying to negotiate with those involved in disruptions. "We have asked them what the problem is and they say there is too much refuse."

Disruptions had spilled over to all parts of the city and staff had been told to work overtime to clear up the mounting backlog.

But Mr Robert said it was no good blaming the state of the city on the authorities.

The litter-strewn "Tavern of the Seas" had to be cleaned up by its citizens, he said.

"An overseas visitor said the city looked like a well-dressed lady with dirty fingernails ," Mr Robert said.

At the Waterfront, collecting the plastic bags and other refuse thrown into the water was costing management a fortune.

The problem hampered the millions of rands being spent on facelifts in the city.

"I attended a seminar in Johannesburg on tourism where delegates, many from untapped African markets, carried away armfuls of information packages on Cape Town — more so than any other city," he said.

"But recently a New York tour operator told me they were cancelling a tour which would have spent some days in Cape Town because of their fears about the taxi war, so we have tremendous problems to overcome before tourism can reach its potential."

Complacent and careless residents had to take the problem in hand — perhaps literally — and come up with suggestions to clean up the city.

"My own suggestions include putting a deposit on plastic bags, in line with what is done overseas, to encourage people to re-use them," Mr Robert said.

He welcomed Fairest Cape Assocation initiatives to combat litter this season, and last week's statement by Cape Town Mayor Frank van der Velde for the city to clean up its act.

"We have to get rid of the 'someone is paid to clean it up' attitude — on places like the Grand Parade, people are littering as fast as workers are cleaning," Mr Robert said.

● The city council is to employ additional cleansing staff this season, while law enforcement officers have been briefed to fine litter louts.

Mega-rich may hold the key to Plet future

288

S/Times 1/12/91

By BILL KRIGE

PLETTENBERG BAY'S powerful absentee landlords may hold the key to a crucial issue — whether development at this resort for the rich will continue unchecked or be frozen.

Ratepayer Association chairman Baron Nicky Behr, a local industrialist, said the idyllic southern Cape town had reached the crossroads.

Residents had a choice: they could halt development or sit back and watch a building boom until the water supply was overwhelmed and the environment hopelessly degraded by a tourist flood.

Plet, he said, had to become exclusive to remain exclusive.

List

But the pro-development Plettenberg Bay Town Council thinks otherwise.

Mayor John Truter insisted there was enough water for 14 more years but conceded the issue of new supplies thereafter was only "under investigation".

Mr Behr hopes to sway the issue by canvassing absentee landlords he says have been left in the dark.

The list he will work from reads like a Who's Who in South African business.

Liberty Life chairman Donny Gordon, Bill Bateman, the Lubner brothers Bertie and Ronnie and expatriates such as Gordon Waddell and Tony Bloom are in the vanguard of the mega-rich who own upwards of 60 percent of properties representing about 80 percent of the town's rateable value.

When the summer migration of Mercs and private planes gets under way next week many will learn for the first time of plans for clusters of high-density chalets and flats which threaten to double Plet's population and swamp its resources.

These include:

- Sanbonani — a 180 bedroom hotel and 800 timeshare chalets on a 128ha site clustered round an artificial lake to be bulldozed from dune wetland in the Keurbooms River estuary;
- Heideland — a proposed township of 565 housing units on 62,5ha near Robberg and incorporating part of a vlei which is a sanctuary for thousands of migratory birds;
- Keurplett — a township of 375 units on 124ha near the golf course.

Sambonani falls outside the ambit of the Plet municipality but will rely on it for water and sewerage disposal.

Said Baron Behr: "We must put a freeze on all development. We must find out what our water resources are, how many boats the Keurbooms River can take and what damage is caused by development.

Tilted

"We have half-a-dozen local authorities going ahead with plans without reference to one another — and they're all tapping the same finite resource, water."

Mr Behr said part of the problem was that the six member Plettenberg Bay Town Council were tilted in favour of development. Two were architects and the others were builders, hoteliers, electrical contractors and shopowners.

SUNBOP TAKES GAMBLE ON NO GAMING CHANGE

S/Times (Buss) 1/12/91. 288

WHEN the R750-million Lost City complex is completed in December 1992, Sun City will rank alongside the world's best casino resorts.

The R325-million Carousel entertainment resort north of Pretoria opened this month with the emphasis more on day visitors than overnight stays.

Crime and township violence, coupled with a worldwide decline in long-haul air travel as a result of the Persian Gulf war, put a damper on the number of tourists visiting SA this year compared with last.

Better

But Sun International (Bophuthatswana) (SunBop) chief executive Ken Rosevear is confident of a change for the better.

"We intend to promote Sun City as one of the premier golfing venues in the world. This will appeal to the Japanese.

By CIARAN RYAN

"As SA comes out of isolation, it is bound to experience a vast increase in the number of foreign visitors. Flight routes are opening up and provided the security situation is under control, the future looks bright."

Another factor which will work in SunBop's favour is the White Paper on tourism which went before the SA Cabinet this month. It calls for deregulation of the trade.

SunBop comes in at No 9 nine in this year's top 100 with an annual average return of 56,9% to shareholders in the past five years.

The three hotels at Sun City averaged occupancy levels of more than 80% — well above the average of 57% for three- and four-star hotels in SA.

Construction of the Lost City complex was considered as big a risk as the initial development of Sun City in the late 1970s.

Scrip

Billed one of the most spectacular entertainment complexes in the world, it is being financed through cash flow, medium-term borrowings and a "couple of hundred million" cash in the bank, says Mr Rosevear.

Shareholders were offered scrip instead of dividends, an offer accepted by all but 1%. This boosted cash holdings by R83-million (out of the final dividend) at the yearend.

This method of financing operations may be repeated at the next few dividend declarationss, says Mr Rosevear, because the group intends to remain within the 60% gearing constraints adopted by the SunBop board.

Bophuthatswana offers generous tax write-offs totalling 120% for expenditure on new building and accelerated depreciation on movables. SunBop's effective tax rate is 25% and is expected to remain at or below it for several years.

The Mmabatho Sun Hotel and casino complex was bought from the Bophuthatswana National Development Corporation (BNDC) for R21-million and then refurbished and extended at a cost of R19-million.

Revenue

Casino revenue was 25% up last year after the opening of the Tlhabane Sun and extensions to the Morula Sun.

Speculation that gaming laws may be changed to allow casinos to operate in SA is unlikely to affect the 28 Sun International resorts in neighbouring states, Mauritius and the homelands in the short-term, says Mr Rosevear.

"Experience elsewhere has shown that casinos are not allowed to operate anywhere they please. They are generally sited away from urban areas.

"In the US casinos are allowed to operate only in Nevada and Atlantic City. In Atlantic City all profits from gaming go to social services and there are strict rules, such as hotels may not have more than 500 rooms."

In the event of the homelands being reincorporated in SA, Mr Rosevear envisages a federation of states which would leave the homelands with some autonomy.

What about fears of nationalisation?

"We are already effectively nationalised. The various governments' share of our business is worth R1,5-billion. We pay R500-million in taxes each year and employ about 18 000 people."

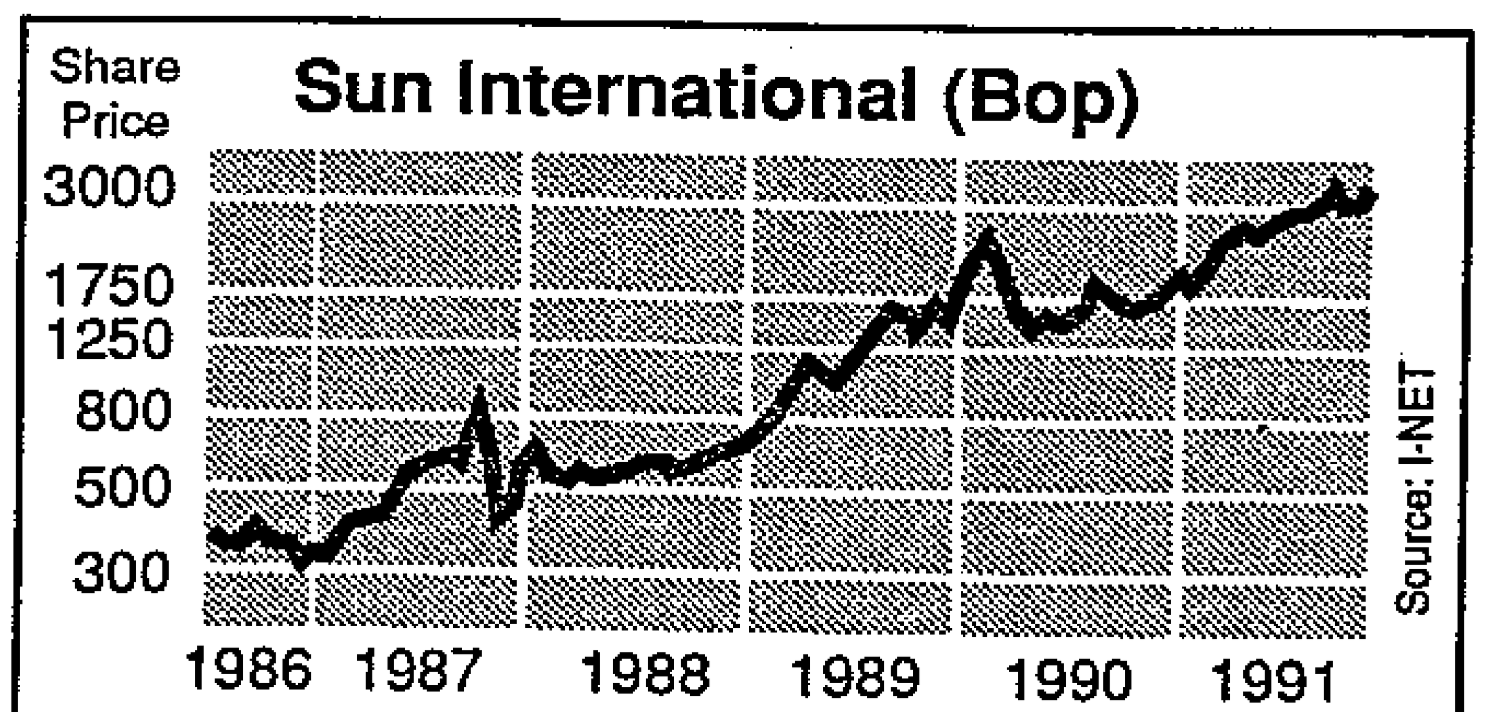
He has a point. The Botswana Government owns 20% of the Gaborone Sun, the Government 33% of Sun Ciskei, Lesotho 51% of the Maseru Sun and Cabanas, Swaziland 40% of Sun International's four hotels there, Transkei 28% of Transun, Venda 30% of the Venda Sun and Bophuthatswana 40% of SunBop.

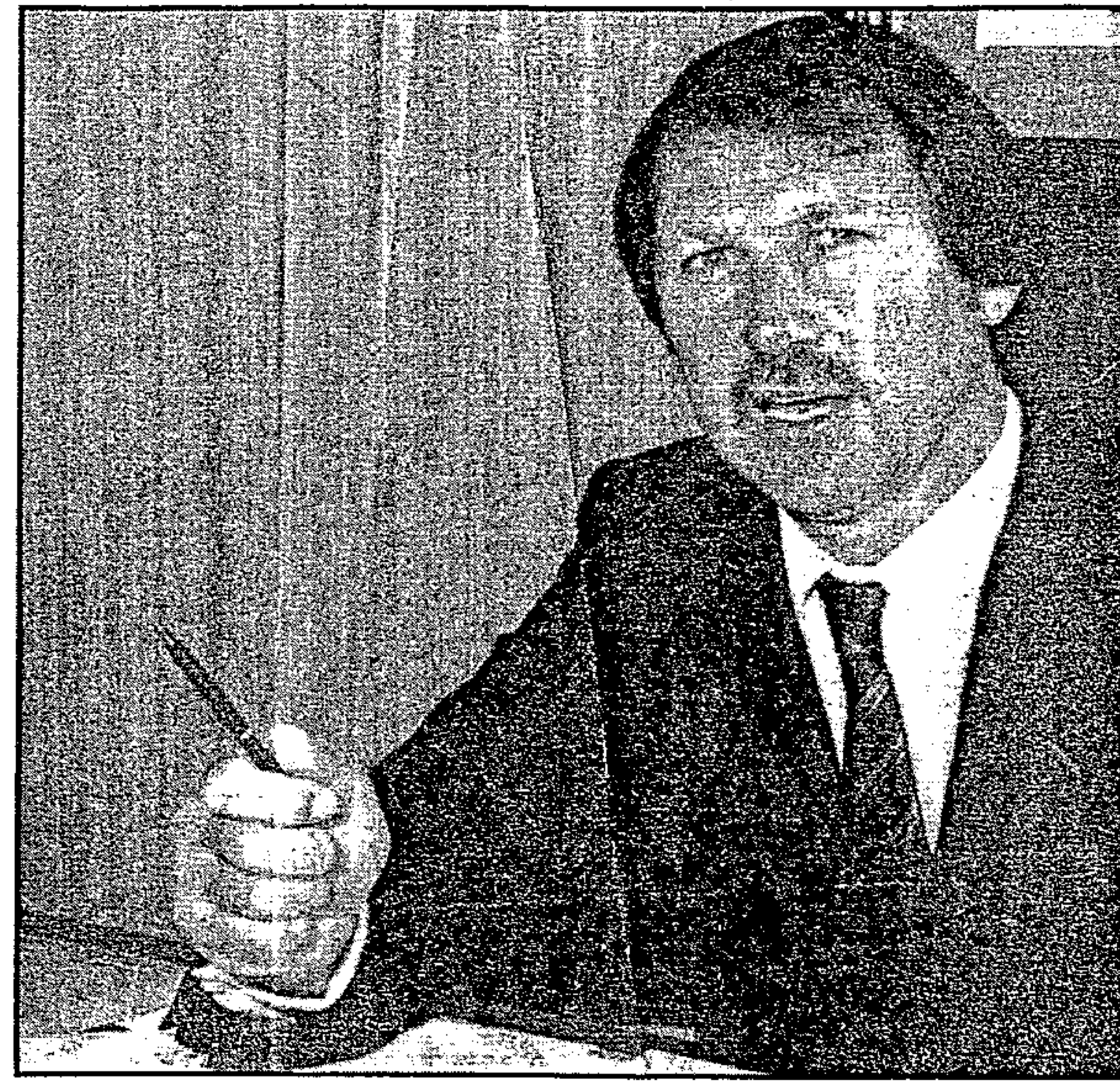
Slowdown

Turnover for the year to June 1991 at R772,5-million was 23% up on the previous year and attributable earnings were 22% up at R191,8m. This points to a slowdown when compared with SunBop's annual compound growth rate in revenue and earnings of 31% and 33% respectively in the past 10 years — a record few JSE companies can match.

Once the Lost City complex is completed, Sun City will be able to accommodate 3 000 guests and 2 500 delegates at its conference centres. Direct flights to New York, Australia and the Far East will have a favourable effect on the number of future visitors to the region.

But hanging over the Sun International resorts is the possiblity of change in SA's gaming laws.





KEN ROSEVEAR ... new vistas for tourism open up as South Africa regains international acceptance

Gambling, eating and drinking destroy a theory

ST Times (Buss) 1/12/91

(288)

By CIARAN RYAN

NO FEWER than three companies in the JSE beverages, hotels and leisure sector feature in this year's top 10 — Suncrush (No 2), Cadswep (No 8) and SunBop (No 9).

Beverages and hotels stocks are considered to be susceptible to economic downswings because spending in this sector is largely discretionary.

When times are hard, the theory goes, cut down on the luxuries. That is why the performance of these three companies is mystifying when weighed against South Africa's tepid economic growth.

Cadswep managing director Peter Bester provides perhaps the best answer as to why Cadswep and Suncrush have done so well in the economic downturn: their products are considered "affordable luxury".

Consumers tend to rerate the importance of spending on these items.

Lure

Both companies have concentrated on organic growth, but acquisitions provided leaps in market share. Suncrush bottles and markets a range of carbonated soft drinks and so does Amalgamated Beverage Industries.

Cadswep markets the Schweppes carbonated brands, concentrates and confectionery. In Cadswep's case, product development and marketing are the key to impressive improvements in earnings.

SunBop's performance continues to surprise some analysts. The lure of world-class entertainment and gaming resorts in Bophuthatswana (and other homelands) for South Africans has not abated since Mmabatho Sun and Sun City opened in the late 1970s.

The rate of growth has been sustained by the arrival of hotel resorts, such as Sun City Cabanas in 1981 (284 cabanas), Cascades in 1984 (245 rooms), Thaba 'Nchu Sun in 1985 (120 rooms), Molopo Sun in 1986 (220 rooms) and Morula Sun in 1987 (74 rooms).

Occupancies exceed 70% — considerably higher than in SA hotels.

But a worrying possibility for the company is that gaming laws will be changed to allow casinos in SA.

After rising to more than R450 a share earlier this year, Suncrush retreated to R370 on the release of good results and the acquisition of Anglovaal's 16,2% stake in Cadswep.

It is one of the most expensive shares on the JSE, although trading volumes are thin.

M-Net, on a historic earnings yield of 3,1%, has the most speculative interest in this sector. The share price has rocketed to 840c from a 12-month low of 185c because of speculation about new ventures and deregulation of broadcasting.

SA Breweries is the bluest of blue chips. Investment experts picked SAB as the top JSE company in a market survey by researcher Campbell Belman this year.

SAB trades a shade above R60 and has an earnings yield of 4,4%, defying several predictions that the shares were overpriced.

In seven years its earnings growth has exceeded 33%, helped by consistent improvements in beer sales.

In the year to March 1991, the volume growth in beer, which provides 57% of earnings, was 12%. But this is likely to slow to 5% in the current year.

Nearly three-quarters of earnings comes from beverages — beer and SAB's 68% stake in ABI, which owns 19% of Cadswep.

Capital expenditure will exceed R1,5-billion this year, most of the money going to expansion at the Alrode, Prospecton and Newlands breweries.

Kersaf, the 80%-holding company for Sun International, with 38% of entertainment and leisure group Interleisure, and 50% of liquor wholesaler Douglas Green Bellingham, has a PE of 18,8 and continues to receive strong investor support.

Fire

It lifted earnings by 18% in the year to June, primarily on the back of a strong performance by SunBop, which provided 68% of turnover.

Interleisure, priced at 410c, has the same PE ratio as Kersaf. The group includes Ster-Kinekor, Computicket, seven fast-food chains and sports shops.

Shares with the lowest rating in the sector are Suncisk, listed in April this year, with an earnings yield of 18%, Karos with an earnings a share yield of 10%, Plesure 12,4%, Transun 13,9% and Stellenbosch Farmers' Winery 13,3%.

Suncisk's Mdantsane Hotel & Entertainment Centre was destroyed by fire in 1990 rioting and was reopened recently.

Transun suffered a 4% drop in operating margins in the year to June 1991 as a result of higher wage charges and an increase in casino levies in Transkei.

Cableway 'could start from quarry'

(288) ARG 3/12/91

JOHN YELD
Environment Reporter

THE proposed cableway up Signal Hill could start at the quarry at the top of Strand Street, instead of subjecting 300 Boundary Road residents to a "caterpilar blight", says architect and property developer Mr Arthur Quinton.

Mr Quinton, who designed and lives in the Highstrand complex off Boundary Road — the second leg of the proposed cableway — said he had been impressed by the Victoria & Alfred Waterfront's achievements.

"Their record of restoration stands as a shining example of how money can be channelled not only to create commercial opportunities, but also simultaneously to restore and preserve our heritage."

Because of his respect for the V&A, he now "recoiled in absolute dismay" from its role in the cableway venture. This proposal would "rudely intrude" on residents who had bought their properties to enjoy the waterfront's beauty.

That the proposed cableway did not cross private property was "largely irrelevant", Mr Quinton said.

"The fact is that the passengers in the gondolas virtually intrude into hundreds of residents' homes — a veritable continuous line of 'peeping Toms'...

"Did the developers ever think of the individual devastation that this airborne intrusion would cause to private owners, for most of whom their properties are their only assets, which have now at a stroke been drastically reduced in value?"

Mr Quinton predicted "drastic" objections from residents.

"No body or organisation has a right to intrude on private individuals as this proposal will," he said.

BONE OF CONTENTION: A view of the proposed cableway from the top of Signal Hill down to the Waterfront.

Govt plans R27m budget to promote tourism

B/Day 3/12/91

(288)

GOVERNMENT has proposed a $27m minimum budget for a three-year marketing campaign to promote tourism to southern Africa.

The newly launched journal, Southern African Tourism Update, said this was one of several strategies outlined in a White Paper on tourism policy and government's efforts "to reverse southern Africa's lagging tourism industry".

The SA Tourism Board (Satour) will be given additional funds for international tourism promotions.

The journal said Satour's overseas offices would focus on the Kruger National Park, Table Mountain and the Drakensberg as part of its campaign.

The White Paper pointed to some of southern Africa's "unique selling features". It said the major focus of the umbrella three-year campaign would be to position SA broadly as "the world's number one eco-destination" in terms of wildlife, flora, scenic beauty and "cultural/hospitality attractions".

The journal said Satour had been commissioned to compile a detailed, long-term international tourism marketing plan.

City set for tourist boom

288 CT 3/12/91

By ANDRE KOOPMAN

CAPE TOWN is bracing itself for the tourist season as the first visitors start arriving, with more expected after the close of Transvaal schools today.

The Mayor of Cape Town, Mr Frank van der Velde, and other Western Cape mayors will board the Trans-Karoo train this week to welcome the first wave of tourists.

Last night owners of city taverns and tourist attractions said they had already noticed a steady trickle of visitors and were hoping for a bumper season, against predictions.

Mr Wouter Smit, Cape Town's traffic manager, said the annual inflow of upcountry visitors had started. The major influx was expected next week and on December 15/16 when the builders and factory holidays started.

Mr John Robert, Captour managing director, said he was "cautiosly optimistic" that Cape Town would have a good season.

He said he expected more South Africans to holiday in the city than last year, and the "overseas market is picking up".

South Africans, he said, "were very willing" to visit Cape Town, but this "depended on how far the 13th cheque would go".

"If Capetonians put up their prices, people will not be staying long," he said. "We must give them a good deal."

While a random selection of hotels in the city reported an average of about 80% occupation over the festive season, "the man in the street is feeling the pinch", said the Association of Holiday Home Agents.

"We have ample accommodation available this year," said Mr Sandy Brunette, chairman of the association.

He said bookings were "about on a par" with last year, which "wasn't that good".

"People are taking shorter holidays and using Cape Town as one of several destinations," he said.

Although bookings had been down by 25% com-

To page 2

...ontestants presently touring Cape Town are, from left, ...oland), Catia Kupssinsku (Brazil), Nina Autio (Finland), ...arlin Magana (Guatemala), Cristina Urrutia (Mexico), ...slands).

From page 1

pared to last year, things had picked up about six weeks ago, he said.

288 CT 3/12/91

Luxury hotels reported that rooms were generally available early in December, but were booked out from January, mainly by overseas visitors.

A five-star city hotel said they were full from early January, and a Sea Point hotel had no accommodation available from December 23.

Middle-market family holiday apartments in Green Point, Gardens and Sea Point reported an average of 80% occupancy.

● Tourists would be safe from muggings in the city centre, said Cape Town district police commissioner Brigadier Philip Delport.

Policemen took over the traffic department's kiosk in St George's Mall yesterday in preparation for this month's influx of tourists.

Brig Delport said that since a special unit had been launched in February this year there had been a marked decline in muggings in the CBD area.

"In the last 40 days we have had only one incident, in which a Japanese tourist was robbed of his camera," Brig Delport said.

The kiosk would be manned on a 24-hour basis and a flagpole would be put up and a blue light fitted to make it visible at night.

Oliver urges big clean up in Cape Town to boost tourism

CLIVE SAWYER
Municipal Reporter

688 ARG 31/2/91

CAPE Town must clean up its act — and shake up its ideas — to boost its tourism performance, says Captour chief executive Mr Gordon Oliver.

The former mayor and new broom of the tourism authority has just returned from a tour of European capitals.

A major coup was the unanimous decision at the Munich congress of the Association of Travel Executives to hold its congress in Cape Town in November next year.

Mr Oliver met travel agents and representatives of mainstream and independent airlines.

He said a major marketing shake-up was needed at Captour, to compete with the top-flight lures other countries threw out at international exhibitions.

"We have to market like never before, to sell the importance of tourism to Cape Town people, and to sell Cape Town to tourists," he said.

However, piles of litter lay in the path of success.

"Taxi operators, flower-sellers and hawkers are among the culprits, while the city council executive committee must agree urgently to hire and deploy more street-sweepers," Mr Oliver said.

He hoped to set up a working group involving Captour, municipal officials and other parties, to find ways to maintain standards in the city.

"There are hundreds of beautiful countries in the world. South Africa is just one of them and we have to offer something extra," Mr Oliver said.

(288) CT 4/12/91

Tourist rush foreshadows big invasion

Staff Reporter

CAPE TOWN offers sunshine, wine and natural beauty, tourists who have already arrived in the city said yesterday.

This was the opinion of several tourists who arrived in a south-easter-free city this week.

The tourists are the first of what promises to be a huge invasion later this week and early next week when the builders' holidays start.

A NEW brochure with the aim of explaining South Africa's wildlife laws to tourists was distributed at major airports for the first time this week.

The red brochure, titled "Important information for all people arriving and departing South Africa" and distributed by the Department of Immigration, was compiled by the Southern African Nature Foundation, the Endangered Wildlife Trust and the Wildlife Society of Southern Africa.

The first 500 000 copies of the leaflet have been sponsored by the Department of Environment Affairs and Gencor, but funds are needed for the expected requirement of four million brochures per year, SANF campaigns officer Ms Kim MacDonald said yesterday.

Schools in the Transvaal closed yesterday and those in Natal will close tomorrow. This means the tourist rush to the Western Cape is on.

Yesterday the Cape Times spoke to several tourists already in the city.

Ms Heidi Jaskolka of Johannesburg said she had chosen Cape Town this year because "it has a lot more nature to see, and it is a more natural place".

"This place seems more relaxed than Durban." She also enjoyed meeting many foreign tourists here.

Mr Paul Traub and his wife Merle, from Australia, said they had come to the city for family reasons. They were South Africans until a decade ago.

"We do feel South Africa has become a more dangerous place now. In Australia, at least the burglars wait for you to leave before breaking in," they said.

Mr Alastair Nugent and his wife Madeleine have been coming to South Africa from England "every other year since 1964 (in her case) and 1974 (in his)".

● A total of 1 300 people calledat Captour's information office in the Strand Street Concourse yesterday morning alone (up to 1pm). Staff expect the daily number of inquiries to rise to 3 000 a day from the week before Christmas to New Year.

Cableway signals SA industry boost

(288) ARG 4/12/91

JOHN YELD
Environment Reporter

CONSULTANTS to the proposed R50 million Signal Hill cableway project say about half of the mechanical and electrical equipment could be manufactured in South Africa, providing a R12,51 million boost for industry.

But there have been further objections to the cableway proposal, with calls to leave Signal Hill untouched.

Consultant mechanical engineer Mr Peter de Villiers said exact costs had not been worked out, but according to provisional estimates, mechanical and electrical components would be "close to 50 percent" of the overall cost.

Specialist equipment — particularly safety items — would be imported from France, Austria or Switzerland.

"But we will definitely be going for maximum local content and we are speaking to various suppliers," he said.

Local content probably would include the pylons, cable, gondolas — manufactured from aluminium and glass-fibre — and possibly electric motors.

"Most probably the grip of the gondolas will be imported. That's a very important safety feature and we don't want to experiment with these," Mr De Villiers said.

Orders for components could be placed by August or September with a delivery time of about a year.

"We will look at trying to get the first trial run by September or October 1993, so that we have a bit of a trial period for teething problems, tests and checks of safety standards before opening for the holiday season in December," Mr De Villiers said.

The developers, however, are facing increasing criticism.

In a letter of objection to city planner Mr Neville Riley, Mr Simon Norton of Kenilworth said the question had to be asked: "Why not leave Signal Hill untouched and undeveloped?"

The fact that the Table Mountian cableway could only take limited numbers was "in itself a benefit" as it protected the mountain from over-exploitation, he said.

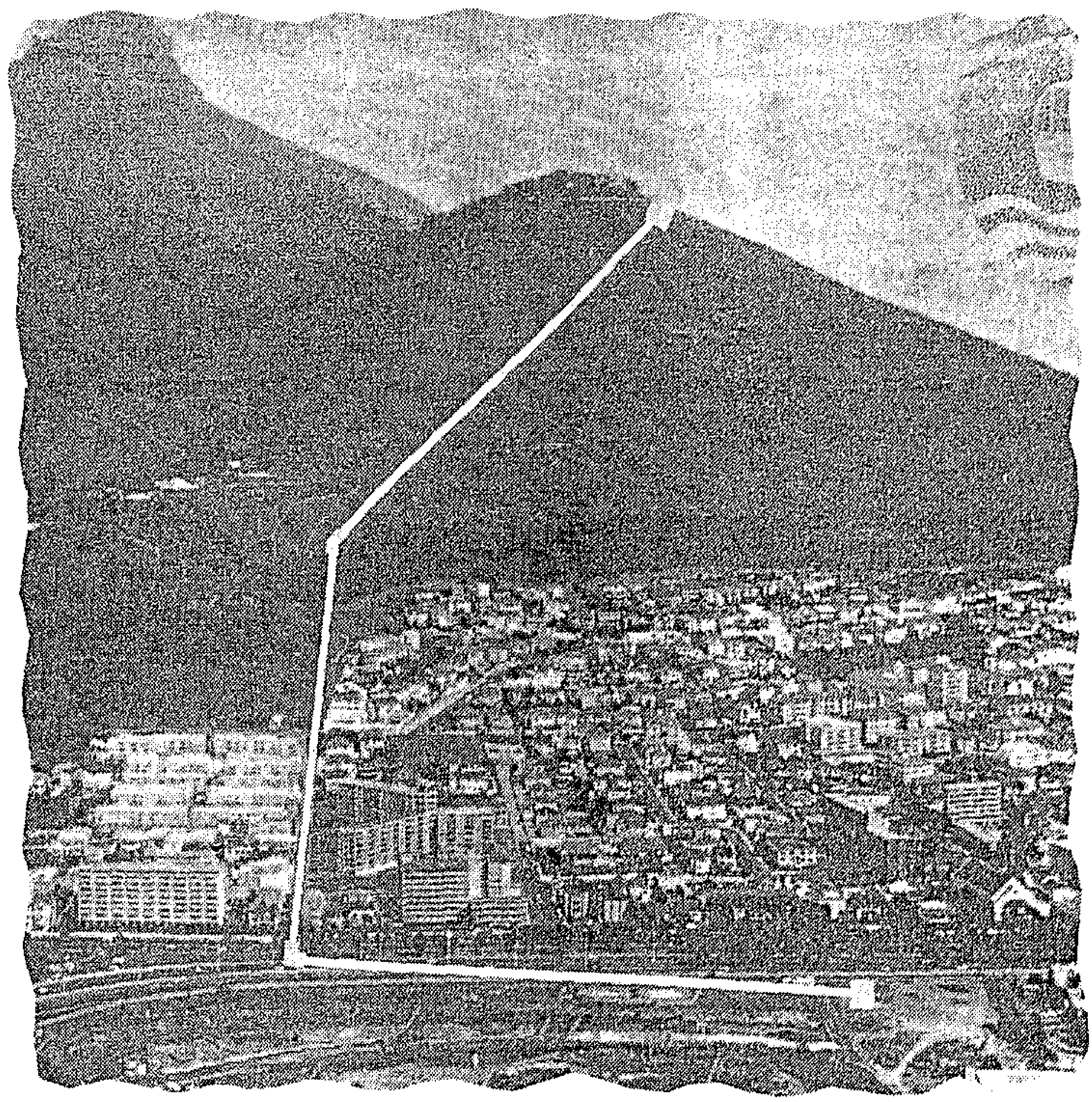
"The lack of any cableway will work in the same manner ... It seems that the obvious intention is to destroy anything that is of natural beauty or undeveloped in the name of tourism or development."

Replying to criticism that the privacy of residents in Boundary Road would be severely affected, planner Mr Ken Sturgeon said the developers would be talking to property owners soon and he did not want to debate the issue in the media.

"And we will certainly work with them," he said. "I think they will find it (the privacy problem) not nearly as serious as they originally thought."

Mr Sturgeon pointed out that the developers had not made a formal application to the city council. They intended to do this as soon as possible so that they could assess all possible objections.

"There is actually nothing for people to object to in legal terms at this stage," he said. "It's early days for us — we don't pretend for a moment we have answers to everything. It's a process. We already have emphasised that we are playing open cards with everyone and we stand by that."



CENTRE OF CONTROVERSY: Flashback to the picture carried last week in The Argus when the proposed new cableway from the top of Signal Hill to the Waterfront was announced. Since then, controversy has simmered over the proposed development.

... original 1988 contract was R2m whereas the copy reflected R1,4m, in 1989 R3m was given as

...ate against that section.

problems in the rest of the sporting world".
The trial continues today before Mr Justice Strydom.

Curators are discussing sale of Club Mykonos

BDay 5/12/91 (285)

LINDA ENSOR

CAPE TOWN — Masterbond Group provisional curators were discussing with two interested parties the sale of the Club Mykonos resort as a going concern, it was disclosed in the Cape Town Supreme Court yesterday.

However, potential purchasers of the west coast resort had been waiting in the wings to clinch a good deal and no definite offers had been received, court papers disclosed.

An application was successfully brought for a postponement — to February 12 1992 — of the return date of the provisional liquidation orders on five Masterbond companies — Rosenfontein Masterprop, Mykonos Weskus Beleggings, Club Mykonos Langebaan Resort Managers, CML Developers and Club Mykonos Langebaan.

The application was brought on the grounds that a final liquidation order would reduce the prospects of realising the true value of the companies' assets. In support of the application provisional curator Arnold Galombik said a final liquidation order at this stage would not be in the interests of creditors and investors.

He said one of the main reasons why the Financial Services Board had applied for the appointment of provisional curators was to protect investors and creditors of the Masterbond group and to ensure that the assets of the group were realised to their best advantage.

Representatives of the shareblock purchasers in Club Mykonos supported the postponement and were prepared to intervene to oppose the granting of a final order at this stage.

Robben Island revamp

STAR 5/12/91.

288

Robben Island, prison to black opposition politicians for decades, is about to emerge from its dark ages.

The prison island off Cape Town, where Nelson Mandela spent a large portion of his 27 years in jail, is to become a tourist haven with the emphasis on nature conservation, says Correctional Services Minister Adriaan Vlok.

A transcript of Mr Vlok's speech in Kroonstad on Friday last week, when he revealed the Government's plans for the future use of Robben Island, was released to Sapa this week.

Mr Vlok said the National Parks Board "will establish a presence on Robben Island as soon as possible with a view to the eventual takeover and control of the island".

The Department of Correctional Services will scale down its activities on the island.

Character

It will change the character of the prison "to an open type of detention facility with the emphasis on the rehabilitation of prisoners".

The plan involves making the island accessible to tourists, offering the use of Robben Island's harbour "to the seafaring community in general", establishing a museum on the island "in which the history of the island will be portrayed and preserved" and establishing a conference centre with overnight facilities.

Application has been made to declare the northern portion of Robben Island a nature reserve.

Mr Vlok said the programme directed at the protection of fauna and flora on the island would be intensified. This would include the marine reserve around Robben Island.

Mr Vlok said a managerial and development plan would be drawn up as soon as possible. — Sapa.

Cape beaches safe, tourists to be told

288

ARG 6/12/91

CLIVE SAWYER Municipal Reporter

CAPE Town City Council is to mount an advertising campaign in the Transvaal to assure potential visitors that Cape beaches are safe for swimming.

The campaign comes after claims that a brown slick seen off Sea Point last weekend was caused by sewage.

Adverts will say that newspaper reports that "kilometres of prime beachfront on the Atlantic Coast" were contaminated by sewage, were "blatantly untrue".

Atlantic seaboard city councillor Mr Chris Joubert told The Argus that he had telephone calls from Johannesburg friends who said they would not come to Cape Town because of the reports.

"The people cancelling are well-to-do big spenders from Sandton and other northern suburbs, people we cannot afford to lose," Mr Joubert said.

The adverts say allegations were not scientifically substantiated, and were proved false by surf zone water monitoring by the city council scientific services branch.

Results of this research were available for public scrutiny.

Bathing at Clifton, Camps Bay, Maiden's Cove and Sunset Beach was not a health risk.

Probable causes of discolourations were temperature variations and upwelling currents.

The adverts point out that a R20 million contract was in progress at the Green Point wastewater outfall.

Warnings in three languages advise that bathing in the area near the outfall was not recommended.

The adverts, signed by executive committee chairman Mr Richard Friedlander, tell Transvalers that Cape Town wants to be a "good host" and they should be certain that a holiday in the Cape will be safe and worthwhile.

SANDTON

(288) FM 6/12/91

Scuttling the competition

Liberty Life Properties' announcement three weeks ago that it would upgrade Sandton City, add more shops and a new five-star hotel — all at a cost of R350m — is a clever move, especially with regard to the hotel.

Neighbouring property owners — Sandton Square Associates, JCI and Time — are at advanced stages of their own negotiations with visiting international hoteliers. Hilton and Best Western are said to be among them.

Added to these prospects, budget hotel group City Lodge is now buying a site opposite Morningside Clinic to erect a third lodge in the area (to be project-managed by Time Projects), which, though not a direct competitor in the five-star league, will nonetheless eat into the pie.

Regarding the Morningside City Lodge, MD Hans Enderle says the final initials have yet to be put on agreements and proclamation is still to be made in the next couple of weeks. He adds: "We are confident these hurdles will be overcome and we will start early next year."

The R20m development will comprise 160 rooms to bring the total number of City Lodge rooms in Sandton to 440.

Sandton Town Council has no idea which hotel will take off next: "We've seen a lot of men in suits and very beautiful drawings, but no plans have been passed yet for another five-star hotel."

Why the race for Sandton? In the words of Liberty chairman Wolf Cesman, Sandton Sun is bucking the national and possibly the international hotel trend. The other two hotels in the area, City Lodge and Holiday Inn, are also said to be doing well.

Sandton Sun is understood to be achieving an 85% occupancy rate and not offering discounts to sell rooms — apart from normal corporate discount rates, understood to be 20% now and to be reduced to 10% in January. Sandton Holiday Inn is achieving an occupancy rate in the high seventies. City Lodge says both its Sandton and Randburg City Lodges average 80% to 90% room occupancy.

Single room rates in Sandton for one night (bed only) are R133,50 for City Lodge Sandton, R270 for Sandton Holiday Inn and

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continued

FM 6|12|91

GOLD ON THE CAPE COAST

(124) (58)

At "only" R1,5m apiece, the latest ultra-luxury apartment development at Clifton in Cape Town is considered a bargain — so much so that nine of the 13 units were sold before construction began.

Nevertheless, the marketing of Clifton View at 4 Victoria Road was officially launched this week by the Seeff property group. The development is a joint venture between Seeff Organisation Holding's subsidiary Seeff-Slot Projects and Time Holding's subsidiary Time Developments.

The new complex is going up on the site of the old Marivan apartment block which has been demolished. It is due to be completed by the end of next year.

Each unit has three bedrooms, two and a half bathrooms and various lounge and entertainment areas within 183 m² of internal space and terraces ranging in size from 35 m² to 116 m².

The site, which rises from the shoreline up to Victoria Road, is regarded as one of the most spectacular on the city's Atlantic coastline, but it presented a major challenge to the contractors.

The old building had to be demolished without allowing rubble to fall into the sea and 3 500 m³ of granite then had to be blasted out of the cliff face and removed 2 m³ at a time by a single tower crane, which is all that could be accommodated on the small site.

Building regulations limit the height of the complex to road level, which meant excavation was carried out from the road down towards the sea. The granite cliff was found to include strata of decomposed rock and clay and had to be anchored with cable buried 12 m deep into the rock every 2 m.

But the hassle was worth it, says Seeff-Slot Projects MD Mark Slot. "The site is so special that we just had to utilise it to its full potential. We knew if we could do it, the buyers would be there."

He says most of the buyers so far are from the Reef, which is an indication of the confidence investors have in property along Cape Town's "gold coast".

"This coast has all the appeal and style of other great addresses like St Tropez, San Remo, Monaco and Malibu, where the right to be exclusive is determined by the action of the free market system."

Last year, Seeff handled the marketing of the Beaches apartment complex along the road from Clifton View. The apartments were sold for R1,8m to R3,6m each.

It is currently also marketing Clifton Breakers, a 10-unit development on the mountain side of Victoria Road priced at R995 000 to R2,2m each. The apartments range in size from 172 m²-257 m². The complex is being developed by Basil Read Developers.

Also in Cape Town this week, Seeff group subsidiary Seeff Trust launched its eighth property syndication when it invited clients to invest R16,7m in a CBD block bounded by Strand, Long, Castle and Loop streets.

Seeff Trust MD Mike Flax says the property is the "epicentre" of the city's financial services district. Tenants of the three buildings that make up the property include Trust Bank, First National Bank and Bloomsbury Carriage Company which sells exotic cars. Tenants of neighbouring buildings include six major life offices, Santam and financial services practitioners.

Units in the syndicate cost R10 000. An initial guaranteed return of 9,3% has been projected, based on current rentals with a 12% annual escalation.

Seeff Trust has secured supporting guarantees for both net returns and escalations for the next four years through a headlease to Compass Properties, an Anglo American Properties subsidiary.

Flax says in the past two years Seeff has syndicated property valued at R57m and built up a list of 2 000 investors, most of whom have participated in at least two of the group's syndicates.

He believes the Strand Street syndicate will be just as successful as the R12,5m ICS syndicate in Cape Town earlier this year which was over-subscribed by R8m.

R416 for Sandton Sun.

Where does the Liberty announcement leave competitors? Cesman and all other interested parties want to know. More to the point, how viable will their hotels be, considering most hotel operators sign only management agreements and that notoriously low, initial hotel yields of 5% are unlikely to cover start-up costs?

At least Liberty's new, 230-room hotel, on the corner of Fifth Street and Alice Lane, to be managed by Southern Sun, will be able to enjoy the income generated from existing shops and offices and use many of the existing facilities, including back-of-house ones (kitchens and laundry) at Sandton Sun.

Expected cost for the hotel, which will have 20 executive rooms on specially designed floors, 17 suites and a further 193 de luxe rooms, is R132m. Cesman tells the *FM* the executive floors were decided upon after a visit he and Sandton Sun hotel managers made to the Far East in March to survey the latest trends.

The yet-to-be-announced R400m Sandton Square mixed use development — opposite Sandton City on Fifth Street, bounded by Time Group in the west and the new Sandton library, art gallery and civic chambers in the east (announced last week) — has a five-star hotel operator in its pocket, prepared to sign a lease.

Focal point

Stocks Group MD Bart Dorrestein says: "We have been approached by an operator who has stated that Sandton Square would certainly be the number one address in Sandton and is his preferred choice. We're looking at two options, either the proposed lease with the five-star hotel or a four-star hotel which will use some of the facilities in Sandton Square.

"Between 140 and 180 hotel rooms would be the size of it. If we decide to proceed with the hotel, we will enter discussions with the Sandton Town Council."

Stocks is jointly developing Sandton Square with Grinaker Holdings. Dorrestein says Sandton Square's 18 000 m² of shops and banking malls is 70% prelet and its first phase of offices, comprising 16 000 m², is 60% prelet.

He is confident his scheme will be a success because its design will give Sandton a heart it never had before. "Where," he asks, "is the centre of Sandton — Sandton City? Sandton has no focal point."

In answer to Cesman's query, why Sandton Square Associates has objected to Liberty's application to transfer its 23 000 m² of retail rights from its new hotel site opposite Sandton Sun to the south-east of Sandton City, Dorrestein says: "We believe the square bounded by the library, art gallery and chambers to the east will give Sandton the unique heart it deserves and act as a complement to the successful Sandton City.

"It is important for the overall development of Sandton that the retail area zoned to the north of Fifth Street should be developed, thus linking the Village Walk-Balalaika retail precinct with Sandton Square and Sandton City via Burghers Walk. Transfer of the rights will leave a void in the north-western sector of the masterplan for the area."

Other players in the area also talking to international hoteliers are Time Group and JCI.

Time Group's portion of land is sandwiched between Liberty's new hotel site and Sandton Square Associates' site, fronting the new Maud Street extension and forming part of the Sandton Square Associates' block.

Time has 15 500 m² of office rights on its site and could secure hotel rights by consent. It, too, has been talking to hotel operators and expects to be making an announcement in the new year.

The last player in the game is JCI, which is busy constructing the 14 500 m² Price Waterhouse Meyernel office complex on the corner of Katherine and Rivonia roads. It recently applied for hotel rights for the balance of the site (25 000 m²), on which Sandton Town Council will decide next month, and is negotiating with two five-star hotel operators.

JCI property GM Ray Hofman's plans are for 320 rooms plus a further 5 000 m² of offices at a cost of R150m, to get off the ground in April. How viable would its scheme be? Hofman says the hotel operators would share in the risk by signing a mixed operating and leasing agreement.

This is one race no-one will want to miss. Construction of the new Southern Sun hotel starts in April. Stocks begins next month.

Shops at the 18-year-old Sandton City, meanwhile, will receive a facelift at a further R85m plus the millions retailers are said to be spending. Work starts at the end of next month though a date for the expansion of the centre by 23 000 m² or R133m is yet to be given.

Cesman says the idea to refurbish Sandton City came after seeing the effects of the Eastgate revamp completed last month. He admits, however, that Sandton City plans have been pushed through quickly to keep ahead. Nor is he reluctant to rattle any more sabres. There is nothing stopping him putting up another hotel behind the new one, he says — and he is talking to more hotel operators. ■

INVESTMENT PROPERTY

Rumbles at the top

Motor Industry Fund Administrators (Mifa) has discharged its GM and property manager for alleged mismanagement of its contracts with developer Shelstaton Holdings. It has also severed relations with the developer.

Earlier reports (*Property* August 23) quoted Mifa chairman Graham Anderson as saying the situation of the two employees had not been resolved. They had been suspended at that time for "negligence and real gross neglect over the documentation of certain projects." No mention of Shelstaton was made.

An appeal by the former employees to the company since the dismissals is understood to have been turned down, with Mifa's decision upheld by the appeal authority. Further action in the Industrial Court may ensue.

Meanwhile, in-house investigations continue into the extent of the damage caused and appear to have pinpointed dealings with Shelstaton as prima facie evidence for action.

Anderson is reluctant to talk about the issue which could trigger litigation. Losses have not been fully accounted for, though Mifa's new acting property manager Hector McGregor says they are not serious and are being partially offset by Mifa's taking over the leasing and development of former Shelstaton developments in Midrand.

Only in the new year will full accounting be possible — that is, after its Midrand shopping centre is built and let.

Mifa is the body which administers the Motor Industry, Misa, Copartes and Autoworkers pension funds for more than 300 000 employees. It has a property portfolio at book value of R400m and an equity fund of R650m.

Shopping centre

It has been behind several projects developed by Shelstaton and its affiliates. It put up finance for affiliate Shelstaton Two's Midrand projects. These are the recently completed R55m Mifa Industrial Park in Randjiespark Extension and a shopping centre, the R105m Boulders (*Property* November 1) on the former Halfway House hotel site in the Midrand CBD.

Mifa financed three other Shelstaton projects: the R56m Tzaneng Mall in Tzaneen, comprising shops and offices, a similarly mixed complex valued at R22m in Pietersburg and a R12m shopping centre in Kroonstad.

Mifa acting GM Hennie Loock says Mifa has now taken over the leasing of Mifa Industrial Park. It has also assumed control over the completion of The Boulders by calling in project manager W M McClatchey.

Mifa Industrial Park, which consists of 22 factory and office units in a 70:30 ratio, was completed at the end of September. It is still vacant but McGregor says several leases are under negotiaton.

Negotiations are also taking place for about 85% of the 25 400 m² of lettable space in The Boulders, which will be ready for occupation in July. Anchor tenants include Pick 'n Pay and Game.

Library Gardens in Pietersburg, completed in July 1990, has a vacancy factor of 3% in its 3 500 m² of offices and a 25% vacancy rate in its 4 000 m² of shops. Tzaneng Mall is reportedly 95% fully let in its 18 000 m² of shops but only 60% let in its 3 000 m² of offices. Kroonstad, completed in March, is considerably worse off with a 22% vacancy rate in 5 700 m² of shops. ■

Hotel group keen to invest in SA

MARCIA KLEIN

INTERNATIONAL hotel group Hyatt Hotels and Resorts is looking at prime sites in Johannesburg, Cape Town and Durban to open its doors in SA.

Hyatt's corporate marketing director for Europe, Africa and the Middle East, Allan Edgar — who is in SA investigating opportunities — said in an interview yesterday SA had all the necessary ingredients to facilitate Hyatt's entry into the country. BDay 6/12/91

Although the local industry was depressed, this was merely a reflection of worldwide trends. SA had the infrastructure and the service levels necessary for international tourism.

"We have been closely monitoring the changing scene in SA, and we believe that the country offers enormous potential," he said.

Edgar, who was director of marketing for the Carlton Hotel for two years from 1985, said that based on his knowledge of the SA hotel and travel industries, the time was ripe to include SA in his company's portfolio.

He said Hyatt was considering various possibilities in the country, including management contracts and partnerships.

The hotel management group operates 159 hotels and resorts worldwide, with more than 59 000 rooms.

It has 12 hotels under construction in the US, Asia/Pacific, Europe and South America.

'Mixing pleasure with business'

NEWCASTLE will probably never be one of the first places to spring to mind when one is planning a holiday — but it is well worth more than a passing glance from the freeway.

Its slogan claims this is a place where one can mix business with pleasure and this is not an idle boast.

Publicity Association spokesman Annette Weigemoed says: "The Newcastle area is a focal point of the largest cluster of Anglo-Boer and Zulu war battlefield and is the natural launching pad for the northern Natal battlefield route.

288 Close 40

"At the same time, it is close to many of the Drakensberg resorts and hiking trails."

Other attractions include trout fishing and hunting and, at the nearby Chelmsford Dam, watersports and game viewing.

The town features a number of hotels and restaurants to suit a variety of tastes, from the business overnighter to the holidaymaking family.

For the visitor in search of something different, the farmers in the foothills of the Drakensberg have opened their doors to tourists wanting to enjoy a taste of farm life.

Newcastle is within 500km of 65% of SA's population and as such is ideally located to be developed as a conference and leisure centre and the hub of the tourist trade in the region.

B Day 6/12/91

Avenues

"Developing the tourist industry will provide us with numerous avenues for social upliftment and job creation."

The Newcastle Publicity Association has joined hands with its sister organisations in Dundee, Ladysmith, Vryheid, Utrecht and Volksrust.

Recent projects aimed at tourism growth include an eyecatching brochure, a local Tourism Awareness Week and a media tour.

Row over tourist action by Meiring

288

CT 9/12/91

Own Correspondent

PORT ELIZABETH. — Recent actions by Administrator Mr Kobus Meiring could cause people to speculate whether there are two sets of rules — the first applying to the general public and the second to friends of the Administrator, says Outeniqua Rural Council chairman Mr Nimmo Reid.

Mr Reid said: "On several occasions the South Cape Regional Services Council's decisions have been overturned by the Administrator, without any consultation with the RSC or with the Rural Council."

One such instance involved Lud's Island in the Keurbooms River estuary, belonging to wealthy game farmer Mr Lud du Bruijn.

Without proper authorisation the island was being used to accommodate tourists. It was agreed that he could obtain a licence to do so, provided he resolved sewage problems and provided water.

Summonsed

About two months ago, the council discovered that Mr Du Bruijn had not complied with its recommendations.

He was summonsed to appear in court on October 31 this year. On that day the charge was withdrawn on the instructions of the Administrator's Office.

Mr Meiring conceded in a statement that the decision to approach the Southern Cape RSC to drop charges was taken after he and officials met Mr Du Bruijn.

It was "suggested" that the case be temporarily withdrawn to allow Mr Du Bruijn a chance to place all the facts before the RSC.

Leisure Resources to seek a JSE listing

BIDay 9/12/91

(288)

MARCIA KLEIN

TIMESHARE company Leisure Resources Group is seeking a listing on the JSE in January.

It has applied to the JSE to reverse list into Dukel Holdings, MD Dan Apteker said in an interview on Friday.

Dukel would change its name to Leisure Resources Corporation, and the group would apply to the JSE to transfer the listing from the motor sector "to a more appropriate sector".

Dukel was suspended from the JSE in July at 28c. Apteker said the new controlling shareholders of Dukel would make an offer to minorities supported by a bank guarantee. Leisure Resources would raise no additional money on listing.

The company, sister company to European leisure group Club La Costa, is involved in the acquisition of developed holiday accommodation, which it markets and sells through a club concept.

Apteker said "the group's profile will be raised and business will be enhanced", following the listing.

"We are not going to the market to raise money, but rather to show we are an open book that is subject to scrutiny." He said this was especially important in the industry in which Leisure Resources operated, as timeshare did not have a very good reputation.

While based in principle on the timeshare concept, Apteker said "Leisure Resources' operation is non-traditional and should not be viewed in the same way".

The group's policy is not to develop property, but to acquire existing developments suitable for its club members. In this way it did not commit large resources to the risks of land development and was not affected by inherent problems, he said.

The club concept meant members could choose the time and location of their holidays by purchasing club memberships rather than time at a specific location.

Membership entitled them to 25-year rights to use any accommodation within the Club La Costa portfolio, as well as any RCI venue.

Leisure Resources' results to end-September showed pre-tax earnings of more than R6m, and Apteker expected earnings in the region of R8m in financial 1992.

The company has a debtors' book of more than R10m, repayable over an average of five years. Most accommodation or club membership sales were financed in-house, and bad debts were minimal as most debtors were unlikely to default on their holiday plans, he said.

The group has two resorts, Sun Tide in Margate and the Sondela Game Lodge near Warmbaths. Sun Tide is part of seven resorts which will fall into the group's club.

Apteker said Leisure Resources was looking at several new resorts. It also hoped to expand its Johannesburg operation, and "two proposed new locations in Pretoria and Durban could mean a significant increase in profits in the short term".

SA hotel rated among world's best

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WHITE RIVER — Cybele Forest Lodge has been listed one of the 50 best hotels in the world.

Judging was done by Tatler's International Travel Guide and Cybele is the only South African hotel to have been included.

A second win this week for the luxurious lodge, situated between White River and Hazyview en route to the Kruger National Park, was the announcement that their assistant chef, Anne Ravenscroft, had been named Silwood Kitchen's student of the year. Anne was judged best at last week's graduation finals. STAR 9/12/91

Cherry on the top was the announcement that Cybele's executive chef, Susan Holtzhauzen, had been made a member of the international organisation Chaine des Rotisseurs. — Lowveld Bureau

STAR 9/12/91

R3,5-m ferry 288

CAPE TOWN — A R3,5 million ferry for island-hopping tourists in Greece is being manufactured in Cape Town by South African boat-builders T-Craft International.

The 22 metre ferry, which will accommodate 118 passengers, is designed to travel at speeds of up to 35 knots.

MD Peter Tinker says the craft will be fitted with engines made by Atlantis Diesel. — Sapa.

Cape

'No chance for tourists to spend'

288

CT 10/12/91

By MAGGIE ROWLEY

CITY centre shops have been urged to institute late trading hours to cater for tourists.

City councillor for the CBD Ms Patricia Sulcas-Kreiner said the city's annual visitors had nowhere to shop after hours.

"Many go on sightseeing trips during the day and only get back at 5 or 6pm. We want to encourage tourism and we want to encourage tourists to spend money, but we are not keeping the shops open to allow them to do so."

She said she had had full assurance from the District Commissioner of Police, Brigadier Philip Delport, that the police would extend their hours to increase security in the city centre.

"The police just need to know how long the shops wish to stay open. All I can say to the retailers is give it a try," she said.

The lack of after-hour shopping facilities in the city centre has forced the Cape Sun Hotel to open three shops on their premises, assistant manager Mr Doron Umansky said last night.

Ms Sulcas-Kreiner said the recently-formed Mallwatch, comprising merchants and property owners in St George's Mall, was now in operation, providing additional security and cleansing in the city centre.

Merchants were being asked to pay R150 a month each and property owners were contributing the balance of the service, which is expected to cost R17 000 a month. Mallwatch, she said, was a temporary body which would be re-assessed in February.

"If it proves successful we will look at establishing a permanent association of property owners and occupiers."

She said about 50% of merchants and property owners had signed up and the rest were expected to follow shortly.

BUSINESS DAY, Wednesday, December 11 1991 3

World's hotel groups show interest in SA

(288)

B/Day 11/12/91

MARCIA KLEIN

THE local hotel industry has been the subject of keen enquiries by some of the world's major hotel groups wishing to capitalise on SA's re-entry into the global arena.

Groups that have been speaking to Fedhasa and SA's major hotel groups include Ramada, Best Western, Hyatt, Forte, Sheraton, various banks and representatives of international hotel interests.

But industry players said yesterday it could be some years before this initial interest turned into money on the table and new hotel operations.

Fedhasa executive director Peter Hearfield confirmed yesterday he had had discussions with most of these players.

He said their major motivation was to enlarge global representation "now that SA is back on the world map".

Although he believed they were serious about entry into SA, Hearfield said most plans were not at an advanced stage and it could be up to three years before any new international operation got off the ground.

However, a source said yesterday that Sanlam Properties could be near to completing negotiations with an international company — possibly Ramada — on the President Hotel in Cape Town.

Industry players were not certain how the groups intended coming into the market, but said they would probably be looking at management contracts — without becoming major investors — rather than acquisition.

Hearfield said: "International companies were also realising that the SA market was tough and there were certain economic barriers, with no magic formula which had not already been tried locally."

He said the entry of major players posed no threat to the local industry. It would raise competitive standards but not undercut local rates.

Protea Hotels MD Arthur Gillis said his group had spoken to Ramada, Best Western, Sheraton and others.

International hotel groups seemed interested in management contracts but may have realised that the SA market was not that simple, said Gillis. International brands had to be adapted to local conditions and he felt the international groups "would have more chance of success with a strategic alliance, like Southern Sun and Accor on the Formule 1 project".

Gillis said there was room for international players at the top of the market but these groups were looking at a room rate of about $300 and a 70% occupancy to break even in the five star market — placing themselves out of the range of local holidaymakers.

Karos hotels had spoken to Best Western, Hyatt and a Japanese group, chairman Selwin Hurwitz said.

But Karos was not interested in forming a partnership with an international group as it had come a long way itself, investing R100m on upgrading its assets.

Sun International MD Ken Rosevear had met some international groups, but had not had any serious discussions.

He said the local industry was complicated and international groups did not have the infrastructure in areas such as bookings.

This sort of service would be costly to run with only one or two operations, and in this light, entry did not seem likely for the next few years, he said.

Season not enough to reverse slump

MARCIA KLEIN (288)

THE hotel industry should not rely on the Christmas season to pull it out of its slump, industry sources said yesterday.

Fedhasa executive director Peter Hearfield said the Christmas season would be slow. "We are already into the second week of December. The first two weeks are critical. Occupancies and bookings have been fair, but there is still a lot of space," he said.

Even during the normal peak periods — over Christmas and new year — there was accommodation available, Hearfield said. B/Day 11/12/91

He reckoned that overall occupancies for the year would be no higher than 50%, lower than last year and below the 60% to 65% most hotel groups needed to break even.

Protea Hotels MD Arthur Gillis said the industry would recover next year. "If the bookings on the charts materialise, there will be a dramatic increase in international tourists in the first quarter," he said.

Plan for new cable car route

CT 12/12/91

By ANTHONY JOHNSON

THE developers of the proposed Signal Hill Cableway have undertaken to come up with alternative routes for the controversial project, the MP for Green Point, Mr Hennie Bester, said yesterday.

The undertaking was made at a meeting on Tuesday night attended by Green Point residents opposed to the development, representatives of the still-to-be-formed Signal Hill Cableway company, City Councillors Mr Neil Ross and Mr Norman Osburn, and Mr Bester.

Backers of the project have already bought two properties in Boundary Road, in front of which two pylons to carry the cableway will be erected, according to Mr Neil Schwartz of MHL architects.

One of the properties is number 10 Boundary Road, which came up for sale recently.

Mr Schwartz said: "We felt it was not fair for someone to buy it, and then be told about two weeks later that a pylon would be going in front of it."

He said the backers were waiting for another unspecified property to be transferred, where another pylon was planned.

From page 1

Cablecar

CT 12/12/91

The Tuesday meeting was requested by Mr Arthur Quinton and Mr Peter Moon, residents of High Strand, the development abutting on Boundary Road.

Residents in the area have vowed to oppose the scheme, which they say will infringe on their privacy and devalue property.

The proposed route is from the waterfront, up Boundary Road to the top of Signal Hill.

According to Mr Bester, who has offered to mediate in the dispute, the meeting agreed that the proposed development had no official status, as no application for approval by the city council has been lodged.

"This was confirmed by the councillors present," he said, adding: "The developers have stated that the most public procedure possible will be followed when they submit their proposal to the Council for approval."

Representatives for the proposed Signal Hill Cableway Company claimed at the meeting that their proposal had been leaked to the press before they had had an opportunity to conclude their intended consultations.

The Cape Times broke the story just one day before its intended release by the developers.

Mr Bester said that residents expressed their objections to the cableway running up Boundary Road at Tuesday's meeting, arguing that 200 owners in the surrounds of Boundary Road would be directly affected and another 250 partially affected.

Mr Bester said the developers undertook to:

- Go upfront with a statement of intent to be lodged with the City Council.
- In due course, release several subsidiary documents dealing with specific issues of concern relating to developments.
- Meet with the residents concerned at any time, and
- Present alternative routes.

The residents present undertook to formalise themselves into a representative committee which would channel their objections and representations.

Leisure acquisitions set to boost Dukel

MARCIA KLEIN

LEISURE Resources Corporation, which plans to reverse list into Dukel Holdings early next year, has told Dukel shareholders to expect improved earnings in the year to end-June 1992.

In an announcement published today, Leisure Resources said the reconstituted timeshare group had acquired leisure company Club La Costa for R12m and Leisure Resources Properties for R245 000.

The company, which now holds 75,88% of Dukel, has also proposed a consolidation of Dukel shares of 1c each to be consolidated on a one for four basis, resulting in Dukel having about 8,2-million shares of 4c each.

The reconstituted group should report earnings of over R6,5m or 79,4c a consolidated share in the nine months to end-June 1992.

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Dukel is currently suspended at 28c a share. The announcement said the new controlling shareholders would make an offer to minorities supported by a bank guarantee.

Following the implementation of the acquisitions, Dukel would be changing its name to Leisure Resources Corporation and has applied to the JSE to transfer its listing from the motor sector.

Raspberry award gets to the root of bad service

(288) ARG 12/12/91

Staff Reporter

HAVE you been short-changed, given shoddy service, or has someone unfairly bitten your head off just because you're not one of the locals?

Tourists who feel they have been treated badly during their visit to Cape Town can strike back by nominating the offender for the "Raspberry" award, which is presented by the Mayor of Cape Town.

The award was begun last year, and according to the mayor, Mr Frank van der Velde, was for any person who "through their actions had ensured that the visitor had not enjoyed the very highest standard of service, friendliness and hospitality".

There would also be an award for service excellence to tourism to those who have looked after tourists the best.

The aim of the awards was to encourage the tourist industry to upgrade their standards where necessary, offer friendly service and ensure that visitors return to Cape Town in the future.

Nomination forms are available from the Captour head office and information bureaux, and must be in by January 31.

Cableway house sales fall through

(288) ARG 12/12/91

JOHN YELD Environment Reporter

A NUMBER of property sales in Boundary Road, Green Point, have fallen through as a result of the proposed cableway to the summit of Signal Hill.

This was one of the points made at a meeting this week between ward councillors Mr Neil Ross and Mr Norman Osburn, MP Mr Hennie Bester, residents, an attorney and representatives of the developers.

However, the developers have also undertaken to consider alternative routes.

According to the minutes, the meeting was called by residents to explain to their elected representatives their objections to the cableway proposal.

Speaking for the residents were Captain Peter Moon, chairman of the body corporate of the Highstrand complex in Boundary Road, and Ughetta Parenti and Arthur Quinton, both of whom live in the complex.

They told the developers that about 200 owners would be "directly and seriously" affected.

"The privacy of at least another 250 will be partially affected. All of the above will suffer substantial reduction in their property values. Already, owners on Boundary Road have unsaleable properties," the minutes read.

Mr Quinton pointed out that the timing of the Press release about the proposed development was "iniquitous".

"It had knocked millions off the property values of homes, just before Christmas, which could have been the ideal time for sellers to get rid of their properties. A number of sales fell through as a result of this.

"In the meantime, the developers had apparently acquired two properties in Boundary Road to accommodate pylons," the minutes stated.

Points made by the residents included:

- Asking the developers to present plans for an alternative route over the commercial area of Cape Town in the area of Chiappini Street — a move supported by the ward councillors;
- Rejecting any form of compensation; and
- Proposing that the capacity of the existing cableway up Table Mountain be doubled as an alternative.

Planner Mr Ken Sturgeon, for the developers, assured the objectors a full presentation showing the existing proposal and the alternative route would be undertaken.

They would also submit a "statement of intent" shortly to which the public would be asked to object.

"The meeting ended with the developers apologising for what appeared to be an underhand approach and assured everyone that an alternative route would be proposed for discussion," the minutes stated.

MP Mr Hennie Bester has offered his services "to mediate between the parties so as to facilitate the best possible solution to a potentially divisive community issue".

Wine drinkers flock to grocers

B Day 13/12/91 (288)

THERE was a time — less than a decade ago — when quality wine producers fought to keep their wines out of the food supermarkets. Although the KWV had pressured government into granting a limited number of supermarkets Grocers Wine Licences (GWL), most of the smart estates thought it a little infradig to keep company with the soap powders.

The liquor trade was equally paranoid about the grocers moving into the wine business. They saw their right to trade in a so-called restricted commodity being eroded.

They argued, not incorrectly, that the grocers would not actually increase the consumption of table wine, as the KWV maintained. Instead, so the wine merchants claimed, sales would merely be cannibalised as supermarkets used wines as loss-leaders.

Not surprisingly, until recently the liquor trade proved to be more correct than the KWV. Grand plans for wine to be merchandised in conjunction with food and thus to encourage moderate consumption faltered in the presence of mammon.

It was just too easy for the grocers to take a few national wine brands and discount them to the hilt. It was just as convenient for the sales managers of the national wine wholesalers (all companies in which the KWV enjoyed joint management control). To achieve targets all they needed to do was engage in a promotion through a supermarket chain.

Discount

They would be expected to contribute to these discount arrangements, but in return they would see massive purchases, advertised prices and the liquor trade forced to discount from their own resources to remain competitive.

Much of this changed with the entry several years ago of Woolworths into the wine business. It printed leaflets which told consumers what to expect from each bottle, and merchandising which proposed various food and wine combinations.

Despite a few launch problems, the project was an unqualified success and Woolworths' wine business has grown substantially. It has recently consolidated its house brand range by launching a deluxe group of wines (the vintage collections) from estates as highly reputed as Rustenberg, La Motte and Warwick.

In the meantime Pick 'n Pay has also moved into what the trade calls "value-added business". Just over a year ago the company launched its own Food Hall range of quality house wines from estates such as Simonsig and Fairview.

More recently the concept of value-added products was extended to a superb Christmas range of food and gift products, included among which were some special release wines. Everything about the present Pick 'n Pay project suggests a long-term commitment to quality food and wine branding.

It is into this trading environment that the Woolworths Vintage Collection range has been launched. Both retailers are now building sales in a market where growth can only come from the established brands. Neither can afford to let quality slip; both must make their products speak to consumers because of their intrinsics, and not simply because of an apparent discount.

I was particularly impressed with the quality of the Woolworths wine from Warwick: it is accessible, beautifully wooded and good drinking value at under R20. The La Motte is in the same league, and so is the Rustenberg merlot, though perhaps it is a little expensive at R25. The Sauvignon Blanc from Klein Constantia (priced at about R12) is exceptional value, and the Gewurtztraminer from Villeira is one of the top three in SA.

Ten years ago wine drinkers could safely give the grocers' outlets a miss. Today it seems a lot of people are shopping nowhere else.

MICHAEL FRIDJHON

SA hotel group to offer a new deal

(288) ARG 14/12/94

Weekend Argus Corresondent

PRETORIA. — South Africa is to get a new "affordable" chain of hotels.

This was announced yesterday by Mr Ron Stringfellow, Southern Sun Hotel Holdings managing director.

The first Holiday Inn Garden Court in the country will open its doors for business in Bloemfontein on the first of next month. The second outlet — in Durban — will be operational before Easter.

Mr Stringfellow said that a number of sites, and hotels, had been identified by his group as being suitable for development as Holiday Inn Garden Court hotels.

"We are looking at sites in the Pretoria area, but have not reached a decision," he said.

The Bloemfontein Garden Court was previously the Southern Sun Landdrost. Extensive renovations and refurbishing have brought it up to Garden Court standard and it will be the flagship of the new chain in the country.

Next up is the Malibu, long known as a favourite Durban seafront hotel.

By the time it opens up as the Durban Beachfront Holiday Inn Garden Court in mid-April some R10-million will have been spent on refurbishing.

The South African launch of the Garden Court product follows the pattern in Europe where some 50 of these hotels have been opened in the past 18 months.

Southern Sun plans to have 10 Garden Court hotels operational by the end of next year.

The Garden Court hotels are compact and provide a high bedroom standard, on a par with normal Holiday Inns, supported by essential services and facilities required by business and leisure travellers. These include an "action bar", residents' bar, breakfast, restaurant facilities on or adjacent to the hotel and meeting rooms, as opposed to conference facilities. They do not have banqueting facilities. The restaurants will not be operated by the hotels.

At the Bloemfontein Garden Court rooms will be R119 a night.

DIAGONAL STREET by Julie Walker

Leisure tells all to boost image

SI Times (Buss) 288

15/12/91

DAN APTEKER: No secrets

CREDENTIALS bared and open for inspection is Leisure Resources' tactic in overcoming timeshare's poor reputation.

Leisure Resources is the holding company of Club La Costa, a name of 13 years in Europe and present in SA for three under the name Leisure Life. The end of SA's pariah status allows Club La Costa to come out of the closet.

Leisure Resources will be listed early next year through the reverse takeover of suspended cash shell Dukel Holdings. No money will be raised and the attraction of a reverse takeover is the existing shareholder spread.

Managing director Dan Apteker says his group differs from most people's idea of a timeshare company because it is neither a developer nor an agent, but a trader.

It does not build property for timeshare, but buys into completed ventures either by arrangement or by opportunity. All its sites are members of international timeshare body RCI.

Club La Costa's business is about marketing the timeshare. Its most important asset is a debtors' book of R10-million, repayable over five years, owed by Mr & Mrs Average SA, aged 35 to 45, with 2,2 children.

"People budget for a holiday because they know how important it is to their families," says Mr Apteker.

The Club La Costa concept entails buying a membership carrying use of all its resorts. Owners can take their days together or broken up, at any site in the group by booking, or trade in their days for a credit with the RCI bank. Everything is handled on behalf of members by Club La Costa.

Mr Apteker says expansion has been funded internally so far, but the listing should allow Leisure Resources to grow with the help of partners when opportunities arise.

"The timeshare industry is still new in SA. It takes a while to sort the men from the boys.

"We want to change our profile through this listing by opening our books to scrutiny and also by raising the image of timeshare after the collapses of several developers."

In the year to September 1991, Leisure Resources made R6-million before tax, and forecasts a rise of a third in the current year.

Dukel minorities are offered 36,82c a share cash or the option of staying aboard the JSE as members of Leisure Resources.

Garden Courts for Southern Sun

S/Times (B455) 15/12/91

By TERRY BETTY (288)

AFTER years of specialising in the four- and five-star sector of the hospitality market, Southern Sun Holdings has bought the SA franchise of the compact Holiday Inn Garden Court brand.

Southern Sun managing director Ron Stringfellow says the group expects to spend about R50-million in establishing 10 Garden Court hotels in SA by the end of 1992.

The first Garden Court to open will be the former Bloemfontein Landdrost in February 1992. It will be followed in April by the former Malibu in Durban, which with 390 bedrooms and a retail development on the first floor, will be the largest Garden Court in the world.

Mr Stringfellow expects 70% of the hotels will be conversions and renovations of existing ones. The balance will be new buildings.

At room rates of about R119 a night, Garden Court hotels aim to provide a high standard of bedroom together with essential services and facilities. The rooms will accommodate up to four people each.

Mr Stringfellow says frills, such as a porter and room service, large kitchens, conference facilities and banquets, will not be provided.

Garden Court hotels will offer action and fun bars, restaurants as well as meeting places for businessmen.

Tariffs soar

(288) CT 18/12/91

By MAGGIE ROWLEY

HOTEL tariffs increased by between 150% and 200% in the past six years with Cape Town hotels becoming the most expensive in the country, a new report on the industry has shown.

The survey, by Dodds Bertram and Associates, shows that tariffs increased by 35% this year, well above the official consumer price index.

A combination of factors has been mooted for the above-inflation rise — namely the "actual" rate of inflation, higher capital costs, the high cost of borrowing, higher wage costs and the hotel tourist industry "opportunely cashing in" on the low value of the rand.

In addition, South African hotels had greatly improved on previous standards, which in the late 1970s were sadly lagging behind international standards.

The report said there was a clear indication that Cape Town was taking over from Johannesburg as the city with the highest hotel tariffs.

With the highest average tariffs for five-star hotels, Cape Town is second only to Johannesburg for three- and four-star hotels.

Five-star hotel tariffs in Cape Town vary from R300 to R390 for single rooms and from R375 to R570 for double rooms, giving an average of R355 for singles and R448 for doubles against an average in Durban and Johannesburg of R316 for singles and R400 for doubles.

For four-star hotels, Cape Town single-room tariffs range from R185 to R225 (an average of R197) and doubles from R215 to R290 (an average of R244) against a national average of R199 and R251.

Cape Town three-star hotel tariffs average R136 for single rooms and R180 for doubles against a national average of R133 and R175.

Single-room tariffs in two-star city hotels average R117 against R93 in the three main centres and R162 for double rooms against R117.

The only tariff lower in Cape Town than in Durban and Johannesburg is for one-star hotels, which the authors say are "much confused in their role as hotels or havens of inexpensive refuge for impoverished pensioners".

In all categories, Cape Town's lowest rates are higher than in either of the other two centres.

The reason for this, according to the report, is possibly the fact that the city is becoming a more important tourist attraction than Johannesburg.

South African business is migrating from the five-star hotels to those with three- and four-star ratings, says the report.

This has been borne out by Johannesburg's strong position in the four- and three-star-rated hotels — its rates for three- and four-star hotels were the highest in the country.

The study says that individual tariffs are not determined only by star ratings but to some extent by the location of the hotel as well as its standard of appointments and facilities.

Breakfast rates, excluded from the majority of tariffs, vary from R19,50 to R22,50 for five-star hotels, from R16,50 to R19,50 for four-star hotels, from R14 to R19,75 for three-star hotels, from R8,95 to R14 for two-star hotels and from R6 to R14 for one-star hotels.

Fare and foul! Captour warns of taxi rip-offs

(288) AUG 19 1991

CLARE QUINN
Staff Reporter

CAPTOUR has warned visitors to use only registered taxis and to ask drivers what fares are likely to be.

Mr Gordon Oliver, head of Captour, said there had been complaints about Cape Town's taxi service, mainly about over-charging.

Mr Oliver also called on hotel managers to ensure that did not engage in "under-the-counter" deals with taxi operators.

He said there had been cases of porters calling taxis for guests and drivers giving them as much as 50 percent of fares, which was merely added to passangers' fares.

Hotels have been asked to deal only with reputable firms.

Mr Oliver said everyone had an obligation to ensure tourists were not "ripped off" by greedy taxi operators.

He said Captour would do "everything possible to root out or minimise such bad behaviour".

A spokeswoman for a large taxi company said passangers were urged to ensure meters were clear when journeys started.

She said that if her drivers were found overcharging, they were immediately dismissed. "Overcharging is corruption," she said.

The company paid 20 percent commission to hotel porters who ordered taxis for guests. But this was paid at the end of each month from the office so that no "irregularities" took place.

"We do not overcharge on fares to pay commission," she said.

A Sea Point taxi company owner said more policing of the industry was needed to give it a better image.

He suggested that Captour and the hotel association Fedhasa joined forces to draw up a comprehensive list of reputable taxi companies.

These companies should meet a set of clearly defined minimum standards.

He had this advice for passengers:

- Ask the price of the trip before you get into the taxi. Companies generally gave quotes for trips.
- Check that the driver has change. He said this was the oldest trick in the book. If a driver did not have change, it was up to him to get some.
- If you think that you have been overcharged, pay the fare, but ask for a receipt and note the number of the taxi and driver's name if possible. Telephone the taxi company's office to check the fare. If you have been overcharged, you have the right to lay formal charges. Overcharging was an offence, he said.

Hotel packages making holidays affordable

288

CT 19/12/97

By MAGGIE ROWLEY
Deputy Business Editor

HOLIDAY makers should take advantage of packages offered by major hotel groups to avoid paying premium prices, says executive chairman of Protea Hotels Otto Stehlik.

He was responding to a study of the industry by released this week showing that hotel tariffs had soared between 150% and 200% in the past six years with Cape Town hotels among the most expensive in the country.

Stehlik said that Protea, as well as other hotel groups, offered packages making them affordable to the man in the street.

"By planning ahead and finding out what packages are offered holidaymakers can save themselves a lot of money. These packages put holidays in hotels for families within reach of the man in the street," he said.

He said domestic tourism was down substantially this year due to the recession which was impacting heavily on disposable income and Protea had extended the variety of packages it offered so as to keep occupancy levels up.

"The local market is under tremendous pressure and it is not only our obligation but good business sense to offer discounts rather than let occupancy levels fall as hotel rooms are among the most perishable of goods."

He said hotels within the group were filling up for the traditional seasonal peak and occupancy levels of between 70 and 75% were expected for December.

However there had been a very definite shift in the ratio of overseas visitors to domestic tourists.

Traditionally overseas guests accounted for about 15% but the international content was expected to rise as high as 30% within the next six months.

"Others in the industry are expecting a similar trend," he said.

REGIONAL TOURISM FM 20|12|91

Waiting for Org

(288)

The White Paper on Tourism has been delayed yet again. So regional tourism bodies will have to wait another season before they know if marketing assistance from the State is in the pipeline.

Personal assistant to Tourism Minister Org Marais, Francois Malan, says the paper should have been released by early December. But now, it will first have to be passed by Cabinet and the likely release date has shifted to the end of January.

Until it becomes available, the hotel industry will not know if suggestions it made to fund regional tourism development have been accepted or have died.

Arthur Gillis, MD of Protea Hotels, says hotels currently pay a bed levy to the SA Tourism Board (Satour) which is used for administration, standards and grading costs.

A considerable amount is also allocated to training — but this won't be needed after March 1992, when the Hospitality Industry Training Board, funded by a levy on employers' payrolls, comes into effect.

Bed levies, which differ according to gradings, will then be reduced by a third. Gillis argues the levies should remain at present levels and the extra revenue should be given to regional offices such as Captour and the

FM 20|12|91 (288)

Durban and West Coast publicity associations to market their regions.

Bodies currently promoting regional tourism are funded by local authorities, many of which are strapped for cash. Gillis also feels that all establishments offering accommodation should be caught in the net and pay bed levies. That would include bed and breakfast and self-catering establishments. ■

Cape's hotel tariffs overtaking J'burg

(288)

CT 21/12/91

Own Correspondent

JOHANNESBURG. — Hotel tariffs soared 35% this year, a study by hotel and restaurant consultant Dodds Bertram & Associates has found.

The sharp increase was attributed to a combination of factors, including hoteliers "cashing in on the low value of the rand" by catering mainly for overseas tourists.

The rise in average hotel fees, more than double the official consumer price index, also resulted from the actual inflation rate, higher capital costs, the high cost of borrowing and wage increases.

"Without any formal or complete response we have been able to extract reasonably accurate information on hotel tariffs for previous years. This indicates that since 1985 hotel tariffs have increased by between 150% and 200%," the study said.

Cape Town was overtaking Johannesburg as the city with the highest hotel tariffs.

Durban lagged behind, being more conservative in tariff increases.

"The reason for Cape Town's high rates could be that the Mother City is becoming a more important tourist attraction than Johannesburg. Durban may be suffering an almost inevitable degradation by force of geography, events, transport development and fashion."

Sad season for city's half-empty hotels

(288)

ARG 21/12/91

DI CAELERS
Weekend Argus Reporter

CAPE Town hotels predict a disappointing holiday season with low occupancy figures for the first two weeks of December set to impact on the overall picture.

This was revealed by Fedhasa's executive director, Mr Peter Hearfield, with the news that Cape Town's room occupancy figures for the first nine months of 1991 had dropped nearly seven percent.

Just more than half the rooms in Cape Town hotels were occupied during these nine months, according to hotel occupancy statistics, and Mr Hearfield said that "for an area that has such a stake in tourism, that is pretty awful".

Hotels were, however, "looking to do solid business from now onwards".

Mr Hearfield said Port Elizabeth appeared set to offer some serious competition for Cape Town in the tourism stakes following intensive promotion of the city as a tourist destination. In the first nine months of 1991 both cities "experienced an almost identical room occupancy level".

Port Elizabeth had been "promoting hard as a tourist destination and is fast overcoming its Cinderella status as a result".

Pretoria emerged a surprise No 1 in the statistics, with room occupancy figures of 64,05 percent.

"One explanation is that with all the diplomatic activity on the go, Pretoria hotels just had to be busier," Mr Hearfield said.

Another surprise result came from Bloemfontein.

"Hardly a tourist destination, you would have thought. But because it is so centrally placed relative to the rest of the country, it is a transit point for travellers and tourists. Hence relatively good occupancy levels of 50 percent plus," he said.

But occupancy levels generally were "still too low". Mr Hearfield said average occupancy levels in the the 50-to-60-percent range were "hardly anything to write home about".

"Indeed, at 50 percent they are really at break-even levels and the hotel industry has to see much better levels before it can claim to be back on the road to recovery.

"Fedhasa nonetheless feels that 1992 will see an improvement in the hotel industry's fortunes judging from forward bookings from overseas tourists and expectations of an improved South African economy," he said.

Beer and wine sales take festive knock

ROBERT WICKS (288)

BEER and wine sales over the festive period have declined by comparison with the same period last year, although some sources commented that sales were picking up as Christmas approached. BDay 24/12/91

Although SAB declined to give an indication of volumes sold, SAB sales services manager Kevin Hedderwick said that although volumes delivered were up by comparison with the same period last year, the company was not doing as well as hoped.

"Our volume is satisfactory, but it would appear that Christmas sales pick up later and later each year," Hedderwick said.

There has been much market activity in the last two weeks, he added.

Bottle stores reported that beer sales were satisfactory but definitely down on last year's figures.

SAB sold 1,055-billion litres of beer for the first half year to September.

Hotel rates soared 35%, study finds

ROBERT LAING (288)

HOTEL tariffs soared 35% this year, a study by hotel and restaurant consultant Dodds Bertram & Associates has found.

The sharp increase was attributed to a combination of factors, including hoteliers "cashing in on the low value of the rand" by catering mainly for overseas tourists.

The rise in average hotel fees, more than double the official consumer price index, also resulted from the actual inflation rate, higher capital costs, the high cost of borrowing and wage increases.

"Without any formal or complete response we have been able to extract reasonably accurate information on hotel tariffs for previous years. This indicates that since 1985 hotel tariffs have increased by between 150% and 200%," the study said. BDay 27/12/91

Cape Town was overtaking Johannesburg as the city with the highest hotel tariffs. Durban lagged behind, being more conservative in tariff increases.

"The reason for Cape Town's high rates could be that the Mother City is becoming a more important tourist attraction than Johannesburg. Durban may be suffering an almost inevitable degradation by force of geography, events, transport development and fashion."

But Karos Hotel MD Stan Hoffman said: "I do not believe tariff increases were above the official inflation rate this year. Hotel occupancy was down this season, forcing companies to limit increases."

Developers 'queue at Hyatt's door'

B/Day 27/12/91 (288)

MANDY JEAN WOODS

LOCAL developers have presented a leading international hotelier with detailed plans for hotel developments worth R1bn.

Hyatt International marketing director for Europe, Africa and the Middle East Allan Edgar says proposals for these new projects are so advanced that complete plans have been drawn up.

In several cases, partial finance has already been raised — as for Sanlam's redevelopment of the prime Cape Town site of the President Hotel which is to be demolished early next year.

Edgar was in SA recently to explore business opportunities in the hotel industry for Hyatt, one of the world's largest hotel groups.

Hyatt currently operates 53 hotels in 27 countries, while its hotel management arm (Hyatt Hotels Corporation) operates 105 hotels and resorts in 82 cities in the US, Canada and Caribbean.

Edgar says since his arrival in SA he has been swamped with calls from people wanting to involve Hyatt in their projects. These range from large billion rand developments of which a hotel is one component to floating hotels and game farm resorts.

"Of the many, many presentations I have seen, I would seriously consider eight. These are for five star hotels in each of the three main cities (Durban, Johannesburg and Cape Town) with an average size of between 250 and 350 rooms each," he said.

There are currently only about 10 five star hotels in SA.

Projects vary from long-term developments like the Victoria and Alfred waterfront in Cape Town where four hotels are being planned (one of them a five star hotel) and the SA Rail Commuter Corporation's plans to develop the space over railway lines in major cities) to individual hotels (about 70% of all proposals) in places like Rosebank (Johannesburg), Sandton and Killarney, Edgar says.

While many international hotel groups (Ramada, Best Western, Forte and Sheraton) have already visited SA to investigate opportunities, most would shy away from actually investing large capital sums because of the uncertain political situation and the poor returns on capital offered by hotels in the short to medium term.

"Hotel rates in general would have to be lifted to more than R500 a night per room to make capital investment in hotels attractive to foreign investors. In Hyatt's case, hotels of its standard would probably have to go for R1 000 a night," he says.

This is far beyond the reach of the local market which means that only by attracting foreign tourists — who benefit from good exchange rates — can these hotels become viable for investors.

"There is no doubt that there is a project for us in SA, but financing and viability are key elements that need to be resolved first. While we specialise internationally in five star hotels, we may have to be creative in terms of how to best dovetail our efforts to fit into the South African scene," he says.

"I am convinced that SA is a place for us to be. Perhaps we will have to look at becoming a joint venture partner with a local developer or hotel group. Hyatt has never done anything like that before, but it may be something we will do," Edgar says.

Edgar says he has a very positive view of the hotel industry in SA. "Hotels here are doing the best they can under the circumstances they find themselves in."

Two killed in Christmas unrest

DAVE LOURENS

TWO people died in unrest-related incidents over Christmas, but there was little serious crime, particularly on the Witwatersrand and in Soweto.

Police said the body of a man was found at Khayelitsha, Cape Town, after a mob attack in which several houses were gutted. B/Dec 27/12/91

At Murchison on the Natal South Coast a man was shot dead by unidentified attackers. Other incidents were reported at Nyanga, Cape Town, where a woman was injured when a crowd stoned a bus, and at Table Mountain near Maritzburg when a man was shot in the leg.

In Pretoria an 18-year-old man was stabbed to death at about 3am on Christmas morning.

Two men, armed with a gun and a knife, held up the Hennopsrivier Cafe and stole food and the owner's car.

Two suicides were recorded in Pretoria on Christmas Day. A man killed himself by drinking ant poison on Christmas morning and a woman shot herself shortly before midnight.

Sapa reported that Soweto police had recovered 217 stolen vehicles in the past week and seized 34 unlicensed firearms

Col Tienie Halgryn said 19 people had been arrested in connection with the stolen vehicles and another 19 in connection with the stolen weapons.

Plea on shebeen hours

8/Dec 27/12/91

WILSON ZWANE

THE Vaal Civic Association (VCA) yesterday urged shebeeners and taverners in Vaal Tringle's townships to close early to ensure the safety of patrons during the rest of the festive season.

VCA chairman Malik Madise said this had been decided when his organisation held an urgent meeting with representatives of the ANC Evaton branch this week.

The two organisations also resolved to seek a meeting with the police to discuss violence.

In another development, developer Vanderbijlpark Estate Company and the VCA had agreed that the community would be involved in a housing project in Thsepiso, an area between Sharpeville and Boipatong.

Madise said the agreement was signed at a news briefing on Tuesday. "The agreement stipulates that the community should not be left out of the project . . . it should be involved." He could not give the size of the project nor the date on which it would start.

Hazyview's five-star boost

Top restaurant, hotel in pipeline

STAR 28/12/91

MANDY JEAN WOODS

288

THE eastern Transvaal town of Hazyview is to become home to South Africa's newest five-star hotel and restaurant complex.

Construction on the multi-million rand project, the River Club Hotel and River Cafe, is set to begin in February, according to developer Rupert Jeffries.

Mr Jeffries is the owner of the world famous Cybele Forest Lodge, just outside White River.

The project, which is expected to cost around R47-million, will feature 38 hotel rooms, 50 super-luxury cottages, a separate showpiece restaurant, health and leisure centre and stables.

The decor will be "colonial" — four-poster beds, mosquito nets, marble floors, fans, deep verandahs and staff dressed in white. "It will offer luxury, comfort, security and exclusivity," says Mr Jeffries.

The River Cafe and the health and leisure centre will be open to hotel guests and non-guests, and will have a variety of facilities including tennis and squash courts, a health bar, beauty salon, indoor swimming pool, hairdressing salon and fully-equipped gym.

Dragonfly Helicopter Adventures and Dragonfly Travel and Safari, which offer tours of the region's tourist attractions by air and luxury mini-bus and transport to various game reserves, will be based at the new hotel.

"The eastern Transvaal is a year round destinaton which makes it particularly attractive from a hotel point of view," says Mr Jeffries.

"Hazyview is well situated at the centre of tourism in the Transvaal — at the Paul Kruger Gate of the Kruger Park.

Suspended viewpoints

"I believe the prospects for incoming tourism are enormous and, as we have already discovered at Cybele, we often do not have enough room to cope with the demand in an ever-increasing peak season. There is no doubt that there is a need for a top quality, five-star hotel in this area to meet this demand".

Occupancy is expected to be high, with some 75 percent of the guests coming from overseas, he says.

Mr Jeffries and Cybele director Christopher Harvie will be sole investors in the restaurant but investment from other parties is being sought for the hotel and cottages.

"We intend to start with the restaurant first and want to develop it into a fun place for everyone, then, further along the river bank, we will start on the hotel and the cottages."

As the hotel site is located on the banks of the Sabie River, a special feature of the River Cafe will be wooden viewpoints suspended in the trees over the water, from which diners will be able to watch crocodiles and hippo wallowing in the water.

"We also plan to offer take-aways by way of a scooter service for the many timeshare owners in this area. We will have a service whereby we stock their fridges and freezers for them so when they arrive, their food will be waiting."

Day visitors to the Kruger Park will be able to buy a picnic basket from the River Cafe.

A grand opening is planned for May next year.

Karos gets the Edward

S Times (BUSS) 29/12/91 (288)

By IAN SMITH

LISTED Karos Hotels has rounded off its national chain by taking control of the four-star Edward Hotel on Durban's Marine Parade.

Karos has signed a 25-year lease on the property which is owned by Higate Property Trust. The deal gives it 14 hotels in all main centres and prime ones in three coastal cities — Arthur's Seat in Cape Town, the Edward and the Polana in Maputo.

The Edward was bought from Andrew Davies, who has run the hotel for the past nine years.

Karos joint managing director Stan Hoffman says the hotel will be operated in its present form for a year before a refurbishment programme gets under way.

More rooms and facilities will be added.

"But we will not change the character of the Edward," says Mr Hoffman. "We will ensure that it remains in the 'Grand' genre of hotels."

He says the Edward has been affected by the downturn in the trade, but occupancies have been higher than the Durban average.

The acquisition will also end Karos' aggressive expansion phase. The group has spent more than R80-million on refurbishment and renovation.

"The next stage will be consolidation," says Mr Hoffman.

Most of the refurbishment has been completed, with the first phase of the Polana restoration due for completion in February or March. The trading outlook for Mozambique's leading hotel is good.

War

"Commercial activity has remained high in Maputo, and the prospects for peace in the new year look good. If that comes about, tourism will take off."

The cost of refubishment, the fact that rooms have not been available to let, the recession amd the Persian Gulf war's curb on tourism have hit Karos' profitability severely.

Results for the six months to September — due early in the new year — will not be good, says Mr Hoffman. But the reopening of rooms and the improvements leave the group well placed for the promised tourist influx and any domestic business revival.

Daveyton target of Fabcos venture into fast food outlets

288

THEO RAWANA

BLACK business federation Fabcos moves into the catering sector next month with the opening of a first food outlet in Daveyton on the East Rand.

The R300 000 venture is the first in a series of outlets to be developed by Fabfoods, a company born of a marriage between Fabcos and catering services giant Fedics. B/Day 30/12/91

Fabcos, which commands a membership of 1,3-million through 15 business organisations under its wing, recently entered a deal with Fedics to form a company through which they would develop food outlets in black areas.

Fabcos holds 60% of Fabfoods and Fedics the other 40%.

Fabfoods, capitalising on heavy black patronage of fast food outlets and the growing trend to eat out, will develop the catering business by identifying entrepreneurs and informal operations which could benefit from training and support.

Fedics business development manager Helmut Schneider said at the weekend Fabfoods had bought a Longhorn franchise and would use its brand name.

"There are three or four other outlets, tagged onto filling stations, in our pilot stage but we will soon diversify into other areas," said Schneider.

Fabfoods chairman Mandla Msomi said the venture was a small step towards a greater invasion of the food manufacture, supply and catering industry.

"Fedics will supply the technical know-how and we provide the market, whose potential is boundless," said Msomi.

"We chose Longhorn as a franchisor because it is a well established and respected brand name in the market. Longhorn is also known for its support of black economic empowerment and has shown a willingness to identify a partner destined to be a name in the future — Fabcos," he added.

Schneider said the Daveyton outlet, which would be opened on January 13, would be run by a Fabfoods team trained at Fedics initially, while a suitable entrepreneur was still being sought from the Daveyton community.

Schneider said Fabfoods would also help meet the demand for catering services in black communities by supplying semi-prepared meals, needing only finishing touches before being served.

Hotel chain suffers R2,7m interim loss

(288)

BDay 30/12/91

ROBERT LAING

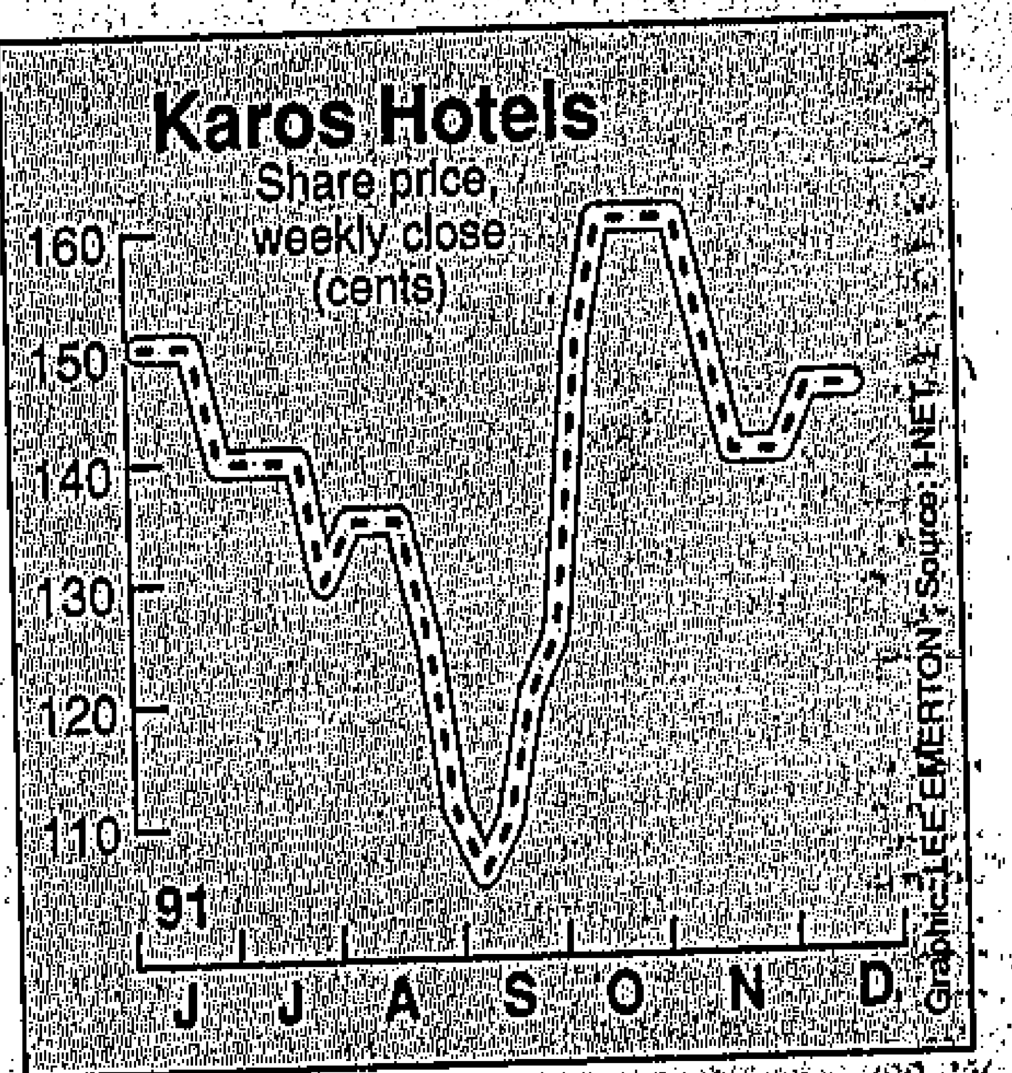
KAROS Hotels fell into the red in the six months to end-September, reporting an interim attributable loss of R2,7m compared with a profit of R2,8m in the corresponding period last year.

Karos MD Stanley Hoffman said the loss, which occurred on the back of a 31% increase in turnover to R42m (R32m), resulted mainly from the group's refurbishing and upgrading programme which raised the star rating of several of its 13 hotels.

The chain also acquired its first Durban hotel, the Edward Hotel, from Highgate Property Fund for R3,3m with effect from January 1 1992.

Hoffman forecast that the second half, covering the peak summer holiday season, would produce significant profits which would more than eliminate the first half's losses.

Operating profit fell 31% to R5,6m (R8,2m) and net interest rose 46% to R4,8m (R3,3m), resulting in a pre-tax loss after depreciation and amortisation of R1,6m compared with last year's profit of R3,3m.



Income from associated companies dropped 55% to R351 000 (R777 000) and preference dividends rose 10% to R1,4m (R1,3m), bringing the attributable loss to

☐ To Page 2

Karos

BDay 30/12/91. (288)

☐ From Page 1

R2,7m. The interim loss per share was 9,7c compared with 1990's profit of 10c a share.

Hoffman said overall average occupancy rates improved marginally to 54%, while the group's Cape hotels' occupancy declined to 30%. He said 60% occupancy was expected for the current summer season.

"Barring unforeseen political circumstances, international tourism to southern Africa is set to increase considerably and forward bookings for 1992/93 are looking most encouraging.

"The group's refurbishing and upgrading programme is almost complete, and our hotels are well positioned to meet the expected demand arising both from international tourism and the lifting of sporting and other sanctions," Hoffmann said.

The Polana Hotel in Mozambique was sheduled for completion in March and the 90-room extension of the Indaba Hotel was expected to be completed in September.

During the year, Karos also upgraded its Arthur's Seat Hotel from three stars to four, its Safari Hotel from two stars to three and the Tzaneen Hotel from two stars to three. The Karos Lodge near the Kruger National Park was completed in July and received a three-star grading.

New players enter fast food chicken market

(288)

B Day 30/12/91

MARCIA KLEIN

THE R600m a year fast food chicken market is becoming highly competitive as a flock of new players enter this high growth area.

But chicken fast food chains have not escaped the effects of the recession.

Chicken volumes in the fast food trade increased by nearly 13% a year from 1987 to 1990 as consumption rapidly gained popularity.

But the year to end-June 1991 saw volumes drop sharply to show only 4,9% growth as the opening of new outlets slowed on the back of high building costs and the recession, an industry source said.

This appeared to have been a temporary hitch as overall volumes picked up to 12,9% from July to November compared with the same period last year.

An industry source said the past year was characterised not so much by growth in the market, but rather by market share swings within the industry.

It is believed that Chicken Licken and Nando's Chickenland showed good growth and could have taken some share away from Kentucky Fried Chicken. But a source said they might have merely taken up the extra business which became available as the market expanded, while Kentucky did not.

Kentucky, whose directors could not be reached for comment, remained the biggest player in the chicken fast food business with about 220 outlets.

Industry sources attributed Chicken Licken's growth to its aggressive marketing and expansion over the past few years, while the new trend towards healthier fast foods saw the likes of Nando's Chickenland making significant inroads.

Not everyone has prospered from the growing consumer taste for chicken. A source said that Mr Rooster, which had nearly 50 stores in 1989, currently operated fewer than 20.

The growing popularity of chicken fast foods was attributed to a general move away from red meat, partly because of increased health consciousness, "but more appropriately chicken was cheaper", a source said.

Nando's director Eric Parker said in an interview that the chain had opened 12 stores in the past two years and it hoped to have 70 outlets in five years. Nando's biggest problem was to find good sites, he said.

Parker said all stores were growing at a phenomenal rate, "to the extent that directors could not have anticipated".

He said the fast food market was growing due to urbanisation, a narrowing of the wage gap, working wives, longer retail shopping hours and a decline in the number of corner cafes.

Not only was it growing, but it was also changing and consumers were looking for healthier products and a supplement for a home cooked meal.

Chicken Licken franchise manager George Michaels said the chain, which started off in 1981 and had opened only seven stores by 1984, was currently trading out of about 120 stores.

Captour to investigate 'rip-offs'

(288)

CT 31/12/91

Staff Reporter

CAPTOUR is investigating a string of complaints from holiday-makers about unsatisfactory accommodation in the city.

Three groups of visitors have alleged that a city letting agency ripped them off after they had paid thousands of rands for "luxurious holiday apartments" in Sea Point and arrived to find the accommodation to be in cramped bachelor flats.

Allegations of double-booking and providing poorly maintained and ill-equipped accommodation were also levelled at the city estate agent.

"We will not take up individual cases, but we will certainly make our views known about this kind of thing. I advise people who have experienced these problems to contact their lawyers," said Captour head Mr Gordon Oliver.

"Unscrupulous holiday home agents will not be allowed to give Cape Town a bad name," Mr Oliver said.

"Our tourism industry can really suffer at the hands of unscrupulous dealers and we won't have it. We will express our annoyance and disapproval in very strong terms.

"If people are not getting what they paid for, that is an injustice. As a city we've got to make a stand against this sort of practise," he said.

Chairman of the Association of Holiday Home Agents, Mr Sandy Brunette also expressed concern.

He said the letting agency concerned did not belong to the association, so they were not in a position to investigate the claims or to take action.

"However, we are aware of the complaints and are particularly perturbed, because bad practices by certain agents give the entire industry a bad name," Mr Brunette said.

He said the association would be investigating steps to ensure that holidaymakers were satisfied with the service provided by the industry.

New hotel venture on the way

288

STAR 31/12/91.

By Frank Jeans

Holiday Inn Worldwide and Southern Sun are launching their new Holiday Inn Garden Court operation in South Africa next year.

Following the introduction of the concept in Europe, 10 hotels under the Court banner will open in this country during 1992.

Existing hotels will be revitalised along with the construction of new outlets.

The first Garden Court will be in Bloemfontein followed by the coversion of the Malibu on Durban's beach front.

"The Malibu will then be largest Holiday Inn Garden Court in the world," says Ron Stringfellow, managing director of Southern Sun Holdings.

"Garden Court hotels are designed for both business and leisure travellers who require comparatively inexpensive accommodation."

Fourteen hotels in the new concept have been established in Europe in the past 18 months, with a further 15 in the process of development.

A total of 100 are planned in Europe and Africa and the Holiday Inn-Southern Sun duo sees this country as a "major growth area".

The Malibu conversion is expected to be complete in time for next Easter.

The Garden Court venture follows Southern Sun's multi-million rand expansion of Europe's Formule 1 hotel operation in South Africa which was launched in June this year.

SERVICES Sector - Accomm. Liquor, Catering etc

1992.

JANUARY — April.

FM 3|1|92

V&A DEVELOPMENT [redacted]

Living space

(288) [redacted]

The first homes at Cape Town's Victoria & Alfred Waterfront phase three development could come on stream in two years.

The New Basin Precinct plan, unveiled last month and presented to the city council for consideration, is regarded as crucial to the long-term success of the development. It includes the flooding of the old lower fuel storage tank farm to create a 5,2 ha pool to accommodate a marina, the construction of an aquarium, a Victorian-era railway station with an hotel set in a mixed-use area, and a canal with lock system and drawbridges.

About 100 homes are planned initially. They are likely to include private, self-catering and timeshare units. Further phases of the waterfront development include many more homes.

The plan also provides for the flooding of the upper tank farm and creation of a canal linked to the marina by locks. The canal will eventually extend to the lower CBD. It is envisaged that a light rail system will connect the waterfront to the city and possibly run on to Greenpoint and Sea Point later.

The building programme sets late 1992 as the target date for the last tanks to be removed. In the third quarter, excavation of the upper tank farm should begin. The flooding of the basin is scheduled for the third quarter of 1993 and later the first residential units should be available.

Detailed plans for each development within the New Basin Precinct still have to be submitted for council approval. The first is expected to be the aquarium and its surroundings.

The first phase of the Victoria and Alfred development, the Pierhead Precinct, was completed more than a year ago and officially opened in May. The second phase, the Portwood Precinct, is under construction and includes Cape Town University's new Graduate School of Business and Victoria

continue ->

PROPERTY FM 3|1|92

(288) [redacted]

Wharf, a speciality marketplace. This phase is due for completion this year.

☐ Plans for a cableway from the waterfront to the top of Signal Hill continue to draw fire (*Business & Technology* December 6). The Botanical Society of SA is concerned about the effect of the project on the environment and residents are forming a strategy to resist it.

Property developer Arthur Quinton, whose luxury apartment is about 150 m from where the proposed cableway will climb Boundary Road in Green Point, is organising a committee of the chairmen of the bodies corporate of four blocks of flats in the vicinity.

Quinton says about 200 flats are within 100 m "peering distance" of the proposed cableway. He estimates the total value of the flats and 10 houses directly affected by the project to be R30m to R35m and believes R10m will be wiped off their value if it goes ahead.

A meeting between residents and the cableway developers — 44 Dock Road Ltd and Table Mountain Aerial Cableway Co — yielded an assurance that other routes would be investigated. ■

FM 3/1/92 288

KAROS HOTELS FM 3/1/92

Geared up

288

The winter months are traditionally weak for the hotel industry. And, with the recession, industry giant Southern Sun is talking of closing some of its Cape Town hotels from May until August.

Average occupancies, at 30%, were well below breakeven at Karos's two Cape hotels, the Arthur's Seat Hotel and the Wilderness Hotel, which was a major contributor to the first-half loss of R2,7m, or 9,7c a share.

But Karos's principal problem this year has been in the balance sheet rather than in the occupancy figures. Gearing of 58% is up by six percentage points from September 1990. Debt remained high, despite a rights issue to raise almost R15m.

EXPANSION HURTS

Six months to	Sep 30 '90	Mar 31 '91	Sep 30 '91
Turnover (Rm)	32,1	38,7	42,1
Operating income (Rm)	8,2	6,0	5,6
Attributable (Rm)	2,8	1,3	(2,7)
Earnings (c)	10,0	4,5	(9,7)
Dividends (c)	3	3	—

Borrowing requirements will remain heavy in the second half, when funding will be needed for the restoration of the Polana Mar Hotel in Maputo.

Interest-bearing debt of R44m at end-September was well up on the year-ago R29m, but has fallen from R48,3m at the March year-end, largely because of the rights issue. Interest payments of R4,8m for the six months are almost as much — about 90% — of the amount paid in the last financial year.

Chairman Selwin Hurwitz says Karos invested R100m on upgrading its assets. Closure of a quarter of the rooms and facilities for refurbishment and expansion hurt short-term profit but Hurwitz contends it will be justified by long-term benefits. Forward bookings from September 1991 onwards are "significantly" up on last year. He predicts the second-half rally will see profit for the full year up at least 20%. However, it seems Karos will need to see a steep pick-up in occupancy for the October to March period to achieve this.

The chain has acquired the Edward Hotel in Durban, from Higate Property Fund, for R3,3m, with effect from next month. This should prove a good investment. The Edward attracts many business customers, in a city which draws tourists all year round.

After further strengthening of the asset base, the share trades at 140c, less than half the NAV of 340c. The historical p:e is 9,3 and the dividend yield 4,3%.

Fortunately, the refurbishing and upgrading programme is nearing its end. Once the Polana is completed, Karos should be able to reduce borrowings. To be fair, if its hotels had not been upgraded, it could not have expected to attract overseas tourists. If the tourist boom takes place, the share should show considerable recovery potential. Meanwhile, it offers little more than that.

Stephen Cranston and Basil Barber

Customers opt for cheaper liquor

BDay 3/1/92

MARCIA KLEIN and KARIN FRANKEN

(288)

MAJOR liquor industry spokesmen yesterday reported a mixed bag of Christmas sales, with most warning of a "pedestrian" first half for 1992.

Liquor distributors and retailers said yesterday that the first six months of the year would be difficult in the light of a continued reduction in consumer spending, which was already evident in mixed fortunes in terms of liquor sales during the festive season.

A major feature of Christmas sales was downtrading, which resulted in sales of beer and cheaper wines and spirits remaining buoyant. However, there was a reduction in volumes in terms of more upmarket liquor products.

Aroma MD Mike Kovensky said that "under the circumstances, sales over the period had been reasonable". But the recession definitely had a negative influence on Christmas sales, and the next six months would be tough.

Generally consumers had bought down, and beer sales had kept ahead of wine and spirits. Kovensky said that a downward trend in sales had been noticeable over the past five years, particularly among the lower and middle-income consumers.

Volume growth among retailers dif-

□ To Page 2

Liquor

BDay 3/1/92

(288)

□ From Page 1

fered, with some showing a volume increase of as much as 11% to 12% over the previous year.

Fedhasa Chamber of Liquor Retailers (Fedcol) national chairman Len Polivnick said the industry had experienced a good Christmas period — both in terms of units and income — and most liquor traders had been satisfied with sales over the period.

Polivnick said there had been a definite trend towards cheaper products, while some retailers said the lower economic sector had been affected by the recession, leading to cheaper products and pressure on volumes.

Fedcol was expecting a price increase towards the end of January, and Polivnick said the higher sales growth over the Christmas period should continue through January. He expected good growth in the sale of non-perishable products like red wines, ports, sherries and spirits.

SA Breweries spokesman Adrian Botha said sales had started slowly, but improved over the Christmas season.

St Georges Breweries' sales, which had been increasing rapidly over the year, had been exceptional over Christmas, a spokesman said.

National Sorghum Breweries (NSB) executive chairman Mohale Mahanyele said sorghum experienced higher sales nationally, particularly in Natal and the Cape. But he said the first half of 1992 would be difficult, and NSB did not expect an upswing in sales.

Douglas Green had had an "exceptionally good" Christmas, a spokesman said. He expected this sales growth to continue through January as consumers anticipated the price increase at the end of the month.

Flora '93 flower power set to boost tourism

(288)

Environment Reporter ARG 4/3/92

CAPE Town is set for a major tourist boost in September when a spectacular display of South Africa's vast plant wealth will be exhibited at Flora '93.

Similar exhibitions in 1983 and 1988 drew thousands of visitors from all over the world.

Convenor Mr Johan Grobler of the National Botanical Institute at Kirstenbosch said Flora '93 would consist mainly of indigenous South African plants, but would include "some international participation".

"It is expected to create a tremendous boost to the tourist trade, with interest already being shown from various parts of the world.

"Visitors will be able to plan their trips to coincide with the famous wildflower season of the West coast and Namaqualand," he said.

International conferences on conservation and biodiversity have been planned to run in conjunction with the exhibition which will take place at the Good Hope Centre from September 10 to 15.

Organisations and individuals interested in taking part can contact Mr Grobler at ☎ 762-1166.

Cape tourism boost

(288) ARG 4/1/92

■ From page 1

ing booked up days in advance, said Mr Oliver.

He intended visiting the cable station next week to check reports of its popularity, he added.

Mr Robin Horn, assistant director of of the city council's civic amenities branch, agreed that the season had gone "extremely well".

"It was very crowded at Muizenberg over the New Year, but the neighbouring Sunrise Beach area, which we have been trying to develop, was under-utilised."

Mr Horn said new developments at Sunrise Beach had been vandalised and he appealed to people to stay off the front dune.

"But generally crowd behaviour has been very good," he added.

Lifesaving authority Mr Eddie Cassar attributed this to greater tolerance among beachgoers and less alcohol abuse.

He said both the Atlantic and False Bay coasts had been popular, with the latter attracting up to 100 000 people a day.

"There were very little problems and behaviour on the beaches was good. All in all we had a very successful season," he said.

"Sea conditions were reasonably good and we had less wind than former years which means the water was warmer."

Mr Ken Brady of the National Sea Rescue Institute's Hout Bay station said the holiday period had been exceptionally quiet so far.

"We are very boat-orientated in our rescues, and notwithstanding some very rough seas, boat-owners have been very well-behaved this year.

"We had as many as 67 boats leaving from Hout Bay but no accidents were reported. I must compliment sailors on their safety precautions this season," he said.

Litter left by beachgoers was also down on last year by nearly 50 percent.

According to Mr Bruce Black, chief engineer of the Cape Town City Council's cleansing department, 180 000 people visited the 48 km of city coastline from December 22-29, generating 4 494 bags of litter.

"This means that each person generated 2,1 litres as opposed to 3,2 litres last year, which is most encouraging," he said.

According to a police spokesman Colonel Anthony Dewhurst, crime appears to be down on previous years.

Cape of Fun — now bring on the world!

288

AEG 4/1/92

JACQUELYN SWARTZ and STEWART ALCOCK
Weekend Argus Reporters

TENS of thousands of visitors and local sunworshippers revelled in superb Cape weather as the festive holiday season drew to a close.

As Transvaal visitors head back home this weekend to the start of their new school term next week, local businessmen said Cape Town looked set to join the likes of Rio de Janeiro, San Francisco and Hong Kong as one of the world's premier tourist spots, following a highly successful festive season.

Many beaches were packed over the New Year and, apart from minor vandalism at one venue, officials reported overall good behaviour with none of the problems which marred Durban beaches.

Lifesavers reported that the three sea drownings along the Cape coast since the start of the festive season were the fewest for the past five years.

The National Sea Rescue Institute said there had been little need for its services.

Yesterday the temperature soared to 33 deg C, with wags declaring it the hottest day of the year by far.

A weather forecaster at D F Malan Airport said the temperature was not unusually high for this time of the year. Although the rest of the Western Cape would have similar high temperatures today, Cape Town's forecast maximum was a cooler 24, he added.

Captour reported that Cape Town had captured "an excellent share" of the country's holidaymaker during the season, and chief executive Mr Gordon Oliver said the organisation's information officers have never been busier.

On Monday its Strand concourse offices helped a record number of 2 500 visitors.

"That's one way of gauging the volume of tourists. I believe the Cape was jam-packed with visitors," Mr Oliver said.

Visitors were pleased with the reception given them by locals, but Captour was looking into complaints about accommodation and exploitation by taxi operators, he added.

Local tour operator and Captour director Mr Hylton Ross said Cape Town was starting to prove itself "as a world destination in its own right".

The last two years had indicated that the city's tourism industry was growing and his company was considering increasing its fleet.

Mr Ross said he had been impressed with the good summer season in Cape Town.

"We had a very good November. The festive season has been on par with last year. I'm very optimistic for the next three or four months."

The cable station has also been exceptionally busy, with trips be-

■ Turn to page 4

P'

288 4/1/92 Argus

Picture: DOUG PITHEY, Weekend Argus.

□ **HEAT WAVES!** Camps Bay beachfront was a favourite place to cool off during yesterday's scorching temperatures. Enjoying the sun and the sea were, from left, Lizette Voigt from Johannesburg, Lisa Wannenberg of Hout Bay and Elizabeth Weichardt of Edgemead.

Bonanza for city tourism

(288) CT 6/1/92

Cape Town set for record season against odds

By PETER DENNEHY

CAPE TOWN has become South Africa's holiday mecca and looks set to have a record season.

Despite gloomy early predictions, the city far outstripped its main rival, Durban, as South Africa's premier holiday destination.

Captour chairman Mr Louis Kreiner said yesterday that judging from reports he had received Cape Town was having what could be its best season yet.

Mr Kreiner said many Cape Town hotels had been full since November.

A record number of visitors — 2 500 in a single day — had also visited the Captour information office in the central city in the past week.

Restaurateurs also reported an influx of visitors, with figures up by 20% or 30% on last season.

Meanwhile, Sapa reports that Durban hotels have experienced their worst room-occupancy figures to date this season, with an average of 57%.

There were also riotous scenes on Durban beaches on New Year's Day as more than 100 000 people crammed onto the sands.

Not only Durban is suffering in the recession. According to Fedhasa, the average national hotel occupation figure is 49%.

Mr Kreiner said gloomy predictions had been made early in the season on the basis of advance bookings — only about 50% of capacity.

But some hotels indicated last night that their occupancy rates were in the region of 80%, though this could not be officially confirmed.

The owner/chef of Truffles restaurant in Heathfield, Mr Peter Gravelius, said there had been an "incredible influx of overseas visitors" to his restaurant especially from Germany, Holland, Switzerland, France and Australia.

"People are coming here because Cape Town is one of the world's best destinations," he said.

The Canadian owner of Marilyn's Restaurant in Sea Point, Mr Ray Rosse, said that compared to last

DECKED OUT . . . Ms Mandy Kelley, 20, of Diep River, (seated left), Ms Megan Byworth, 23, of Tamboerskloof, (seated right), Ms Lisa Wannenburg, 21, of Hout Bay (back left) and Ms Lee Ann Haylett, 20, of Tokai, were decked out on Clifton's 4th Beach yesterday as the weekend's high temperatures moderated. Picture: BENNY GOOL

From page 1

Tourism

(288)

year, business was up by at least 20 to 30%.

"There is absolutely no doubt that Cape Town is a big tourist destination. We are getting a lot of people from the UK, Canada, the US, Germany and Switzerland," he said.

Mr Allen Ambor, owner of Spur Steak Ranches, said business was "pretty good" but this was not due to an influx of tourists.

"We have had bigger tourist seasons years ago," he said.

Captour chief executive officer Mr Gordon Oliver said there were an exceptionally high number of cars with Natal registration plates in Cape Town.

Natalians and other up-country visitors were at last being made to feel welcome, he said.

Mr Kreiner said the waterfront had proved a big drawcard, with an occasional jarring note with complaints about parking and accommodation in the city.

Visitors had come to realise that part of Cape Town's attraction lay in the variety of its restaurants and beaches.

Nowhere else in the world was there such a variety of beaches — many uncrowded — as in the Western Cape.

Another reason for Cape Town's relative success was the lack of racial friction on the beaches, which could make all Capetonians proud, he said.

● Fedhasa Natal chairman Mr Alan Gooderson said the hotel industry in the province was losing money. About 20% less money was being spent on food and beverages, mainly because of the economy, but "successful campaigns against drinking and driving had also had an effect", he said.

Poor season for Durban hotels

B|Day 6|1|92

288

DURBAN — Durban hotels experienced their worst occupation figures yet during the holiday season — and their levels were the highest in the country.

The national figures show an occupation rate of 49%, compared with Durban's 57%, Sapa reports.

Fedhasa Natal chairman Alan Gooderson said this meant the industry was losing money.

Spending on food and beverages was down by 20% on last year.

The reasons for this were mainly economic, but campaigns against drinking and driving also had an effect.

The Central Statistical Service has reported that there was an overall decline in the number of bed nights sold to foreign tourists between January and October last year compared to the same period in 1990, GAVIN DU VENAGE reports.

There was, however, a 12% increase in the number of foreign tourists staying at SA hotels during last October compared to the same period in 1990.

Of the 133 980 foreign guests visiting SA hotels in October, 60,8% were from Europe.

Most of these — 21,2% — came from Britain, the service reported.

Foreign tourists accounted for 13,5% of bed nights sold in SA hotels during the month.

The total includes local tourists and permanent hotel residents.

Three-star accommodation proved the most popular, and accounted for 30,8% of the bed nights sold, followed by five-star hotels which sold 27,4%.

This represented a 2% decrease for three-star hotels but an 8% increase for five-star accomodation.

One-star hotel bed nights sold dropped from 9,1% in 1990 to 4,8% last year.

Increase

Two-star hotel business increased by 1% last year, with that sector accounting for 25,2% of the beds sold in 1991.

Johannesburg hotels sold more than 26% of their beds in October 1991, representing a 5% increase on the 1990 figures.

Durban hotels experienced a 4,3% increase in business in October — from 14,1% in 1990 to 18,4% in 1991.

Cape Peninsula hotels recorded a 3,8% drop in bed nights sold — 20,6% in 1990 compared to 16,8% last year.

Simon managers to meet Azapo

GAVIN DU VENAGE

MUSICIAN Paul Simon's management team and Azapo representatives are due to meet today for urgent discussions on threats to disrupt the US star's planned tour of SA.

The PAC and Azapo's youth wing Azayo have come out strongly against the concerts which start in Johannesburg on Saturday.

The ANC, Inkatha and government support the tour.

The SA Musicians' Alliance (Sama) was believed to be Simon's host but later distanced itself from the tour, saying tour arrangements had been made by a member acting independently.

A breakdown in communication between various left-wing organisations and Sama seems to be at the centre of the tour controversy. B|Day 6|1|92

They had established a joint forum to vet all visiting artistsand decide how to channel funds from any visits, Azayo president Thami Mcerwa said.

At an early forum meeting Azayo conditionally accepted a Simon tour but revised its view when the ANC came out in favour of the visit without consulting Azayo. The ANC and Sama had broken the forum's trust and Azayo "decided to do something about it", Mcerwa said.

Hard-hit Durban hotels given glimmer of hope

ARG 7/1/92

The Argus Correspondent

DURBAN. — Hope is in sight for Durban's depressed hotel and tourism industry, reeling from three years of plummeting figures.

That's the encouraging message from management committe chairman Mr Peter Mansfield and publicity chief Mr Frank Vincent.

Mr Mansfield said yesterday he was confident Durban hotels would soon be "packed to capacity" again, while Mr Vincent predicted that a radically revamped publicity association would spend millions next year on marketing the region both nationally and internationally.

"There is no doubt," said Mr Mansfield, "that the Durban hospitality industry is suffering as a result of South Africa's extremely serious economic depression.

"Durban has always attracted most of its holiday-makers from the middle and lower income groups that have been particularly hard hit financially. But I have no doubt that when the economomy picks up we will again see the hotels packed to capacity.

"Also on the positive side in the longer term, various international hotel chains are showing a lot of interest in potential sites in Durban. Once the economy rallies and we have greater political certainty I believe we will see international tourists, businessmen, conferences and conventions flocking to Durban."

Mr Vincent said: "A major factor will be the transformation of the Durban Publicity Association into the Greater Durban Marketing Authority. This body will have an incredible amount of money at its disposal with which to market the region.

"The City Council alone has pledged R7 million and at least R4 million should go into promoting tourism. Part of this drive will be to promote the image of Durban as THE sporting venue in South Africa by holding several international sporting events here.

"The one that springs to mind immediately is the first leg of the World Formula 1 Powerboat Series to be held in the harbour on March 14 and 15. This will give the city incredible national and international media coverage."

A new stage in hotel's upgrade

PETER GALLI (288)

CAPE TOWN — The Cape Town Holiday Inn is spending about R120 000 on establishing a 200-seat theatre at the complex, general manager Bill Frohlich said yesterday.

The theatre could also serve as an auditorium to complement the hotel's conference centre.

"The theatre is expected to open at the end of January and we have an opening act lined up already," he said. BDay 9/11/92

"This is a trend that is expected to develop within the Southern Sun /Holiday Inn group."

The theatre, to be known as City Lights, will be leased to performers and seats will be booked through Computicket.

The only catering on the premises would be a small pub and a sweet stall, and there would be on-site parking.

The Cape Town Holiday Inn began the refurbishment and upgrading of its existing conference facilities yesterday at a cost of about R200 000.

"We are bringing the conference facilities in line with the rest of the hotel, which was upgraded three years ago, and to fulfil the demand for upmarket conference facilities," Frohlich said.

"The upgrade is largely cosmetic and the basic structures will remain the same."

Hotel industry spokesman said yesterday that the theatre project was a development which could well be followed by other hotel groups in the near future.

Report identifies Cape's key sectors for growth

BD 7/1/92 (288)

LINDA ENSOR

CAPE TOWN. — Tourism, food and beverages, agriculture, construction and clothing have been identified as key growth sectors of the Cape regional economy by the Western Cape Growth Organisation (Wesgro) in the draft second-phase report of the Growing the Cape project.

These sectors are believed to have above average growth potential for the rest of the decade and thereafter. Other sectors with potential include printing and publishing, jewellery, furniture and boat building.

The report noted that tourism contributed about 10% to regional production and employment and was also a significant earner of foreign exchange. Wesgro expected that the number of foreign and local tourists visiting the Cape would grow by about 10-15% and 5% respectively each year during the '90s. In 1990 there were 350 000 foreign and 550 000 local tourists.

But there was a need for further facilities if Cape Town was to develop as a tourism centre, the report said. Among these were gateway status in international air transport, conference facilities, international hotels and a casino or major recreational centre.

Regarding the food and beverage industry, Wesgro said in 1985 this sector contributed 27,6% to regional industrial output. A 4% to 5% increase in production in the '90s was projected with population growth and exports playing a vital role in ensuring this growth.

Construction had a 4,5% share of the regional product and clothing 10%. The clothing industry provided about 20% of all jobs in the region and produced 44,2% of total national clothing output.

Durbs hits back in tourism 'battle'

CT 7/1/92

Own Correspondent (288)

DURBAN. — The first shot in what appears to be a battle to win the hearts of the tourists was fired yesterday.

The battle is between Durban and Cape Town over which city is the country's tourist mecca.

Reports that Cape Town had become South Africa's premier holiday destination were dismissed as propaganda by the managing director of the Durban Publicity Association, Mr Frank Vincent.

"Cape Town doesn't worry us," he said. "We believe Durban will continue to be the country's holiday mecca." The reports about Cape Town were merely a publicity campaign by Captour.

"They may have had one good season but Durban is far better geared towards tourism than Cape Town."

However, figures for the current holiday season in Durban have not been encouraging. The average hotel occupancy figures have been 57%.

And despite the fact that Durban has a 12-month holiday season, whereas Cape Town's lasts only from October to April, hotel occupancy figures for the past year have also been disappointing.

Mr Peter van Zyl, of the Tourism Development Unit in Durban, said that according to hotel statistics produced by Central Statistics in Pretoria, Cape Town's occupancy figures in registered hotels had exceeded Durban's for the past year.

New courts Act in effect

BiDay 8/1/92

Business Day Reporter

DEPUTY Justice Minister Danie Schutte yesterday announced that the Magistrate's Courts Amendment Act of 1991, which makes it possible for community-based assessors to be involved in conviction and sentencing, was in effect.

Schutte was speaking at the opening of a Small Claims Court in Boksburg.

He predicted that South Africans would increasingly turn to the courts to enforce their rights.

He said the Johannesburg Small Claims Court proved the popularity of the innovative legal concept, especially among blacks.

Between June 1991 and December 1991, of 1 727 plaintiffs, 1 302 were black and 591 of them lived in Soweto.

The planning of a Small Claims Court closer to Soweto had reached an advanced stage.

Steps had been taken towards implementation of the Short Process Courts and Mediation in Certain Civil Cases Act of 1991, although no date had been set for this yet.

"These will provide for the establishment of an alternative dispute adjudication procedure (mediation proceedings) as an alternative forum (short process courts) aimed at the cost-saving and expeditious adjudication of certain civil actions.

"It is aimed at increasing accessibility to the courts.

"A short process court shall for all purposes be deemed to be a magistrate's court, with the exception that evidential procedures may differ from those of the magistrate's courts and that judgments or orders of the first-mentioned courts may not be appealed against.

"After a notice has been issued subjecting the dispute to the mediation proceedings, the parties will appear before a mediator in chambers.

"The mediator will interview the parties and attempt to bring about a settlement between the parties or to simplify the issues." If settlement was not reached the case could be continued in a magistrate's or short process court, depending on whether action had been instituted and whether the defendant consented to the latter court's jurisdiction.

"The parties are entitled to legal representation at both the mediation proceedings and the proceedings in the short process court."

Hotel groups bid for Club Mykonos

LINDA ENSOR

CAPE TOWN — Two big hotel groups have made widely different offers to buy the Club Mykonos resort on the west coast, an informed source said yesterday. BiDay 8/1/92

Masterbond curators were considering both proposals, he said.

Curator Arnold Galombik would not disclose details of the offers, nor whether they were considered acceptable.

The successful party would take over the future development of Club Mykonos, including the half-built hotel, unsold stock and a vast tract of undeveloped land.

Meanwhile, the provisional liquidators of Club Mykonos Langebaan Resort Managers, the management company which ran Club Mykonos, have handed over the running of the resort to the homeowners' association. The owners are funding operations out of their levies.

A source said yesterday that the provisional liquidators had run out of funds to run the resort. The shareblock company, which had certain funds available, had offered to take over operations.

288

In July 1991, just before its provisional liquidation, the management company ran at a loss of R289 765 and in August at a loss of R175 645. Court papers revealed net current liabilities of R1,9m and a negative equity of R1,28m. The company also owed C M L Developers R2,2m for loans advanced.

Tourism prospects for 1992 showing promise

BDay 9/1/92. (288)

JONO WATERS and LINDA ENSOR

THE local tourism industry could expect a good year with a large increase in visiting foreigners, Satour executive director Spencer Thomas said yesterday.

SA's image was improving abroad, and many visitors no longer had "moral reservations" about visiting the country.

New air links broadened the potential for tourism. Satour had increased spending on advertising campaigns in the UK and US.

As the rand had fallen, Satour had lower real funds, but Cabinet was dealing with a proposal that would increase Satour's budget substantially, Thomas said.

Fedhasa president Theo Behrens said SA should see growth in hotel occupancy this year. He expected the domestic market — which accounted for 80% of overnight hotel traffic — to remain stable.

He said tourist traffic from abroad would increase, especially from the Germanic countries.

Behrens said SA would get more business if charter companies were less restricted by red tape.

Protea Hotel group MD Arthur Gillis said SA should see an increase in "genuine" foreign tourists from about 170 000 last year to about 220 000 this year.

He felt the hotel trade would benefit from an expected spate of conferences but did not foresee much increase in local holiday travel in 1992, despite an increase in black tourism.

Gillis said the Protea group, which consisted of 62 hotels, had only been able to attract business during the peak season by offering discounts of up to 50%.

Karos MD Stan Hoffmann predicted an increase in the number of tourists but said they would come from abroad. Until SA started to pull out of the recession, he foresaw no improvement in the domestic market.

Southern Sun St George's Hotel GM Wim de Haus said foreign bookings at the group's six Cape hotels for February and March — the traditional season for foreign tourists — were very good.

Christmas had been a "disaster", with some Cape hotels unable to reach even 50% occupancy levels despite generous discounts and packages.

Cap

City's attractions 'more varied' than Durban's

CT 8/1/92 (288)

FORMER mayor Mr Gordon Oliver has entered the fray between Cape Town and Durban as to which is South Africa's most favoured holiday destination, saying Cape Town's attractions were much more varied and offered "more than a beach holiday".

In a statement yesterday Mr Oliver of Captour said he wished Durban success in their marketing efforts, but that Cape Town was one of two major tourist destinations which foreign visitors made a point of visiting — the other was the Kruger National Park.

"Our tourism market is very different from that of Durban because Cape Town offers a great deal more with the mountains, Cape Point, the Waterfront, the Winelands, the Western Cape coast and spectacular and breathtaking coastal roads," said Mr Oliver.

Mr Oliver also said Cape Town was rapidly becoming an all-year-round holiday destination.

Mr Oliver said that "friendly rivalry" between the cities did no harm.

● Meanwhile, December 1991 was Durban's worst December in 10 years, Mr Alan Gooderson, chairman of the Natal region of the Federation of Hotel Associations of South Africa, said yesterday.

Hotel occupancy was down five points on the previous year, and food and beverage takings were down 20%, he said.

The city's claim to be South Africa's coastal playground was shaken by police reports of appalling behaviour by New Year's Eve crowds, and by lifesavers' reports of unruly and dangerous behaviour among the 100 000 who swamped Durban beaches each day between Christmas and New Year.

But, Mr Gooderson said the low occupancy of Durban hotels — between 64% and 80% in December — was due to the tough economic climate.— Staff Reporter

SunBop to raise R178m for projects

(288)

B/Day 9/1/92

ANDREW GILL

SUN International Bophuthatswana (SunBop) plans to raise R178m on the JSE later this month in a rights offer to finance some of its R1bn being spent on the Lost City and Carousel developments.

In an announcement today, the group said it would raise the cash through an issue of about 5,5-million ordinary shares at R32 each, well below the current share price of R37,50.

Its principal shareholders are Kersaf and the Bophuthatswana National Development Committee, both with about 40%.

SunBop CE Ken Rosevear said last night the rights offer was being undertaken to increase the group's capital base and reduce borrowings in the short term.

Also, shareholders could opt for shares in lieu of cash for the interim dividend which, if it is as well subscribed as the previous one, will ensure an extra R70m is retained in operations.

The announcement said the issue was considered prudent in the light of the substantial capital expenditure undertaken in the completion of the Carousel Entertainment World at Babelegi as well as the Lost City at Sun City.

The Carousel was expected to cost about R325m and the Lost City, due for completion in December this year, about R750m.

Rosevear said the issue was considered appropriate, especially with "all the other companies" coming to the market, as the group could take up opportunities as they arose without exceeding its strict borrowing constraints.

He said the current development at the Lost City offered further exciting development opportunities considering the expected increased demand for occupancy once the project was completed.

The interim dividend for the six months ended December was also declared today, showing a 16,4% rise despite increased shares in issue because of the well-subscribed scrip dividend at year end.

In the company's annual report released in late September last year, chairman Sol Kerzner said financing arrangements for the projects had been finalised more than a year earlier, but it would offer shareholders the option of increasing their capital base by opting for scrip dividends in lieu of their final cash dividend. No mention was made of a possible need for a rights issue.

Rosevear said last night the company would be reverting back to cash dividends after the interim option of a scrip dividend.

Township, homeland visits for Dutch tourists planned

(288) (288) (99)

STAR 10/1/92

THE HAGUE — Dutch tourists with South Africa in mind are being offered a holiday with a difference — a grand tour of SA with stopovers in Soweto and Alexandra and visits to the homelands.

The tours are the brainchild of Dutch buinessman Michael Bender, who spent 14 years in SA. And they have been given the enthusiastic backing of the Dutch anti-apartheid organisation KZA, the SA Tourist Board (Satour) and SAA.

Described as "all-over" tours, the first visits are being planned for later this year. Brochures spelling out the itinerary are due to be published at the beginning of next month. The holidays will be targeted at religious organisations and anti-apartheid sympathisers.

Mr Bender says he wants to take tourists to "behind-the-scenes" South Africa and to show them how the majority of South Africans live.

Sietse Bosgra, of the KZA, said: "Now that the boycott on tourism has been lifted, this is an excellent opportunity to see how the South African man-in-the-street lives and works."

An SAA spokesman in Amsterdam commented: "If people want to discover South Africa in this way, that's okay with me. They will see the country in all its facets."

Satour warned, however, about a possible accommodation problem in the townships and the homelands. A spokesman said there were relatively few hotels or boarding houses in the townships, but Mr Bender's initiative could change all that.

Traditional tourist attractions would not be ignored, however. Vists to beaches and game reserves would still feature on the itinerary. — Star Foreign Service.

HOTELS & LEISURE (288)

Forte takes bearings

FM 10/1/92

After a recent exploratory trip to SA, Forte Hotels — the largest hotel owner and industrial caterer in the world — has returned to London to present an optimistic report to its board.

Not only is the group considering a flagship — in the form of a five-star hotel — but it could also be looking into the possibility of Travelodges, not to mention a couple of exclusive resorts. If the market is there, of course — which these days depends to a large extent on the political climate.

At this stage, Forte Hotels development manager Mike Gallagher is considering management agreements only in the Johannesburg CBD, Cape Town and Pretoria. Of Johannesburg's centre, he has said: "I am particularly encouraged by reports about its future" (*Property* December 13). What concrete form that "encouragement" could take should emerge over the next few months. ■

HOTEL INDUSTRY 288

Hard times

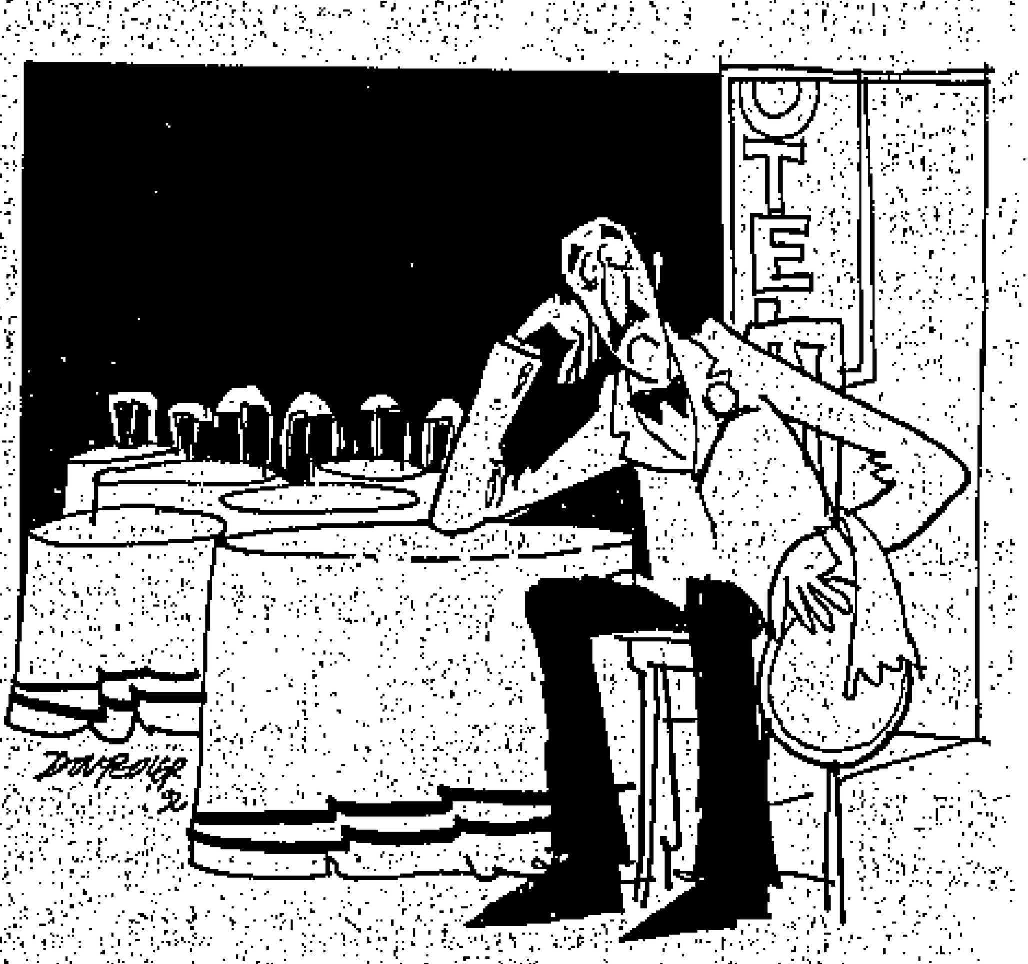
FM 10/1/92

Holidaymakers suffering from the recession stayed away from upmarket hotels in large cities over the festive season. It was the worst in eight years, says Chris de Kock, executive director operations and marketing for the Holiday Inn and Southern Sun group, which has several big hotels in the major cities.

"The first time Durban was full was on December 24 and that lasted for only a week. Normally it's full from December 16," says De Kock. "Although Port Elizabeth held its own, no-one was turned away from East London. And accommodation was available in Cape Town for the entire period."

Karos Hotels joint MD Stan Hoffmann confirms that there was no shortage of accommodation in Cape Town.

Protea hotels fared reasonably well, says MD Arthur Gillis, but only because of the special deals they offered, like a room big enough to sleep four, for five nights, for R799. Not even those offers were low enough



FM 10/1/92 288

to fill any of them at any stage.

Durban Publicity Association executive director Frank Vincent says attempts to lengthen the high season by tempting up-country visitors with a R1m fishing competition "did not work." (Durban has a problem, not connected with the state of the economy. Because of its popularity with black day trippers, many whites, who used to be regulars but who are still not ready to share their beaches and facilities with blacks, now opt for other resorts.)

Smaller, cheaper resorts may have benefited as holidaymakers sought bargains. Protea-managed hotels on Natal's south coast, says Gillis, enjoyed a normal Christmas.

Richards Bay, on the north coast, not well known as a holiday resort, had one of its best Christmases in years, says acting Town Clerk Johan Rossouw. He says all holiday resorts north of Ballito Bay are becoming increasingly popular, but Rob Deane, MD of Zululand Safaris and Bushland Game Lodge near Hluhluwe, north of Richards Bay, says this popularity did not extend that far north.

The Drakensberg attracted all the holidaymakers it needed. Hoffmann says his company's hotels in the Drakensberg were full. "In fact, every hotel in the Berg was full. We don't know why, but are doing a guest analysis to find out."

There was no difference in the support pattern for game parks between this Christmas and last, says National Parks Board spokesman Willie Joubert. Kruger National Park was 95% booked from December 16, as it was last year, and, from December 23 onwards, it and all the board's parks were full. The only accommodation that became available was when people cancelled. ■

SA tourism 'needs world link'

LINDEN BIRNS

A MAJOR US airline would have to start flights to SA and the local hotel industry had to be complemented by one of the large international groups such as Sheraton or Hilton if SA was to attract American and Japanese tourists en masse, Thomas Cook group commercial director Lester Porter said recently. (288)

Porter was speaking during his recent visit to Johanesburg where he met staff of local Thomas Cook representatives Rennies Travel to discuss strategies for developing tourism into and from SA.

SA could rank alongside the US and the Far East as one of the world's prime holiday destinations within five years, he said.

Describing SA as an "outstanding tourist product", Porter said there were a number of factors requiring attention if the country's potential was to be realised.

Firstly, the support of a large US airline, offering flights to Johannesburg and Cape Town, was needed, he said.

"In addition, although SA's five-star hotels are good, the American tourist is much more comfortable with the big hotel chains such as Hilton, Intercontinental, Sheraton, and so on," he said.

Porter said several of these groups were investigating business possibilities in SA. Last month the Hyatt Hotel group, which owns several plush five-star establishments around the world, announced its intention to enter the SA hotel market.

Japanese tourists could be attracted in greater volumes if local hotels provided language facilities and high standard Japanese cuisine, said Porter.

Another major requirement was for SA's hotels, car hire firms, tour companies and airlines to be linked to global computer reservations networks such as the Sabre, Apollo, Galileo and Amadeus systems.

Porter was concerned that even when the alterations to Jan Smuts airport were complete, the airport would not be able to cope with the volumes of passengers a properly developed market would attract.

There was also room for developing and improving rapid tansit facilities between the airport and the main business and hotel centres, he said.

Porter hinted that closer co-operation between Thomas Cook, which had a turnover of more than $20bn last year, and Rennies Travel would result from the recent discussions.

Rennies Travel MD Lilian Boyle said the company was holding talks with the Sabre network with a view to being linked to that computer reservations system.

"It is anticipated that an agreement will be reached early this year to bring the Sabre system into the SA travel market," she added.

Fast food venture under way

B/Day 14/1/92

THEO RAWANA

FABFOODS' Longhorn, the first of a string of fast-food outlets to be set up by black business federation Fabcos and catering giant Fedics, was opened in Daveyton on the East Rand yesterday. (288)

The R300 000 venture, of which Fabcos owns a 60% stake and Fedics 40%, had bought a Longhorn franchise that would be run by a Fabfoods team guided by Fedics, Fabfoods chairman Mandla Msomi said.

Fabfoods marketing director George Msibi said his company had played a masterstroke in inviting Fedics — the biggest catering company in southern Africa, employing 10 000 people and spending R300m a year on groceries — into the venture.

The outlet was the first manifestation of Fabfoods' intention to bring black businessmen into sophisticated catering, he said.

The outlet would be owned jointly by Fabfoods and a black businessman, trained by Fabfoods.

"Above all, Fabfoods will bankroll its business partner — assist him to pay for his shares out of dividends."

Fedics business development manager Helmut Schneider said the outlet, with an initial staff of 15, would be run by Fabfoods while a suitable entrepreneur was sought.

Energy efficiency 'could save R1bn'

GAVIN DU VENAGE

BUSINESS could save up to R1bn a year on its energy costs through effective management and investing in energy efficient equipment, while increasing profitability to the same extent, says the SA Institute of Energy.

Efficient management would reduce consumption by 10% and better equipment could save up to 20%. The institute plans to launch an intensive campaign this year to encourage people to use energy more economically.

Institute chairman Steve van Rensburg said in a statement economising need not mean a sacrifice of comfort. B/Day 14/1/92.

N BUSINESS

Mr H Scheider, managing director of Fabfoods, and Mr M Msomi, the company's chairman, at the opening of a new fast food outlet.

Food outlet launched

Sowetan 16/1/92

By JOSHUA RABOROKO

(288)

FABFOODS, a company launched by the Foundation for African Business and Consumer Services and catering group Fedics, opened its first food outlet in Daveyton, Benoni, this week.

The R300 000 Fabfoods Longhorn is the first in a series of catering outlets to be established by Fabfoods at various service stations.

"It is the start of a long-term project which will combine Fedics' extensive experience in catering and Fabcos' understanding of the black consumer market to develop black business people in one of South Africa's fastest growing industries," says Fabfoods chairman Mr Mandla Msomi.

Fedics managing director Mr Helmut Schneider says: "There is a growing trend among black consumers towards eating out and Fabfoods will help meet the demand.

"Using the Longhorn franchise gives us the advantage of a well-established and respected name in food services."

Fabfoods Daveyton will be run by the Fabfoods team guided by Fedics until a suitable business person from the community is appointed.

Thereafter Fedics will provide the necessary business and management training and Fabfoods will supervise the outlet's day-to-day operation.

Several more outlets are planned for this year.

Speaking at the official opening of the outlet, Fabfoods marketing director Dr George Msibi said the opening of the joint venture had to do with the access and acquiring of wealth by the disadvantaged in South Africa.

It was self-evident that, in pursuance of the objective of opening the catering industry to the black entrepreneur, Fabcos should approach Fedics with its catering expertise to form a joint venture company.

Fabfoods, in which Fabcos holds 60 percent and Fedics 40 percent, was ideally suited to advance the cause of the black entrepreneur in the catering industry.

"Supporting this venture will make black economic empowerment a reality," he said.

Jail term is top of holiday breaks

(288)

S Times (CM) 19/1/92

By EUGENE ABRAHAMS

A UNIQUE prison in Cape Town has people paying to stay — and as a place that offers a break away from it all, it has been one of the season's busiest.

Tourists are being accommodated in one of the old Breakwater Prison buildings in the harbour near Granger Bay. The building, now called The Breakwater Lodge, has been modernised and converted into a residence for students of the new UCT Graduate School of Business.

Following international trends, the residence has been opened to paying guests for the holiday season.

"This (the Lodge) is a great place and we're looking forward to coming back," said Mr John Defoe who is on holiday with his wife Catherine and son Richard, from St Albans, England.

Breakwater Lodge, overlooking the busy Victoria and Alfred Waterfront, offers quality accommodation at prices below hotel rates and has been almost fully booked since it opened its doors in early December.

"The first three months of this year are also looking good," said hotelier Mr Kevin King of the Fortes King Hospitality Group, which runs the Lodge.

"We have been the second-busiest hotel in Cape Town during the season."

Mr King said the profits would be "ploughed back" into university funds to offset the cost of providing student accommodation.

The Lodge has stunning views of Table Mountain, is close to the beach and, because it is on the Waterfront's doorstep, "guests really don't have to go into town for entertainment".

"We are still renovating the old prison and the cells will be turned into offices for the academics," Mr King said.

"The rest of the building will be turned into a museum because the place has many stories to tell."

One of the prison walls is built of quarry stones, on many of which messages have been scratched — among them "Mafeking Relieved" and an Australian coat-of-arms with the words "Onward Australia". The date "1900" and "1901" have been etched into some of the stones.

Prisoners who built parts of the harbour were kept in the prison from 1901. The prison closed its doors in 1925 and became a holding station for Robben Island prisoners. It was later taken over by South African Transport Services.

During the academic year, public accommodation at the Lodge is to be limited to rooms not occupied by students. After the festive season the Fortes King Hospitality Group is to look at attracting businessmen for weekend stays.

The Breakwater Lodge is also to have a conference centre, banqueting facilities, a restaurant and a pub.

Within one month of opening its doors to the public, the 327-roomed Breakwater Lodge had an 80-percent occupancy and is fully booked for February.

"Bookings have proved our forecast that the market for budget-priced accommodation spans the entire cross-section of income groups," Mr King said.

"Wealthy holidaymakers have chosen to stay at the Lodge and to have more cash in their pockets to spend on holiday fun.

"Budget-conscious individuals and families have also been quick to take advantage and we have even had honeymooers."

Twenty percent of the guests have been from overseas visitors, chiefly from England and Germany.

"JAILBIRD" . . . Mr John Defoe samples prison's delights
Picture: TERRY SHEAN

Hotels sold for R6,5m

S Times (Buss) 19/1/92

HOTEL Broking Services has sold three Garden Route hotels in the past four weeks.

Managing director Errol Finkelstein says the value of the deals was more than R6,5-million. One hotel fetched R3,5-million.

The properties include a luxury guest lodge, a town hotel and bottle store and a coastal resort. The names have not been released because the effective date of sale is February 1.

The buyers are South African individuals.

Mr Finkelstein says many inquiries have been received from Germany, Japan and Belgium.

Hotel giants join in R1,5m national chain

ET 21/1/92

Staff Reporter

TWO hotel giants — Southern Sun Hotel Holdings Limited and Holiday Inns Worldwide — are planning to invest more than R1,5m in launching the Holiday Inn Garden Court concept in South Africa with at least 10 hotels to be opened countrywide by the end of the year.

"It is our intention to have a Garden Court in Cape Town by the end of May 1992, but at this stage we have not finalised which of the Southern Sun/Holiday Inn Hotels currently operating in Cape Town will be converted," Mr Helder Pereira, operations director of Holiday Inn Garden Court said yesterday.

"It is hoped a decision over the Inn on the Square, the De Waal Sun and the Newlands Sun will be made within the next three weeks," he said.

It was not Southern Sun's intention to sell off any of their hotels in Cape Town, he said.

The two hotel groups which operate independently both fall under the banner of Southern Sun Holdings Limited who acquired the Holiday Inn franchise in South Africa in April 1985.

Holiday Inn Garden Court hotels are designed for both business and leisure travellers who seek modern, inexpensive accommodation, with guaranteed standards of quality.

"Typically these hotels have superb bedrooms, a compact restaurant and bar, a fitness area and limited meeting facilities," Mr Pereira said.

Mr John Shingler of Holiday Inn Worldwide, explaining the reasons for expansion said the group have identified a market niche which conforms directly with similar market characteristics in the rest of the world, specifically the US and Europe.

Plans are to have more than 100 Holiday Inn Garden Court hotels in Europe and Africa by the mid 1990's.

In a joint statement issued in Johannesburg, Holiday Inn Worldwide, and South African franchisee, Southern Sun Holdings Limited, announced the intention to develop the Holiday Inn Garden Court extension in South Africa through conversion of existing hotels and the construction of new properties.

The first South African Garden Court hotel to open will be in Bloemfontein on February 1.

The next Southern Sun hotel to be converted will be the Malibu in Durban with a massive R8-million to be spent on refurbishment and will be the largest Holiday Inn Garden Court in the world.

At the last SADCC conference in Tanzania, where the decision was taken to review the organisation's founding document, SADCC agreed on alternative measures to ensure the success of its programme of co-operation between states.

Tourism White Paper is ready to be tabled

288

B/Day 22/1/92

GERALD REILLY

PRETORIA — The long-awaited White Paper on tourism which will lay the foundations for the development of the industry into the next century is expected to be tabled in Parliament during the first half of the new session.

The paper is in its fourth and final draft, according to sources.

Fedhasa executive director Peter Hearfield said it was critical for the industry that Fedhasa's main recommendations were accepted by government.

The industry's infrastructure was running down and funds were needed for extensive upgrading if it was to cope with an expected surge in overseas tourists.

Hearfield said Fedhasa had recommended government set up a R200m fund to be administered by the Small Business Development Corporation for small operators in the industry. Fedhasa had made it clear to government it was not looking for handouts.

What was needed were development loans at low interest rates with stretched pay-back periods or even a moratorium on capital repayments.

"This would not necessarily be used for new development but mainly for upgrading existing establishments, some of which have started to deteriorate to a level where the needs of tourists cannot be adequately catered for."

Hearfield said Fedhasa had also stressed in its representations to the Department of Trade and Industry and Tourism the "absolute" need for a deregulated, open-skies policy.

"SAA protection has to be removed and the unrestricted entry of charter companies into the market has to be permitted."

The current system was working against the interests of the tourism industry, Hearfield said.

At 31 Dec 1990 Rm	At 30 June 1991 Rm
86	82
2 027	2 012
125	124
174	166
404	486
609	708
205	222
2 816	2 870
1 046	1 051
1 577	1 632
2 623	2 683

Farmers seek

R20m hotel

S/Times (Buss) 26/1/92

CITY Lodge is to spend R20-million on a 160-room hotel in Morningside, Sandton. It should be ready by the end of the year. It will be the ninth City Lodge to be built since 1985 and will bring the number of rooms to 1 300. (288)

Shebeeners live in fear of deadly crime raids

STAR 27/1/92

By Zingisa Mkhuma

(288)

More than 20 people — including shebeeners, patrons and a policeman — have died in shebeens in the PWV in the last six months, and shebeeners are living in constant fear.

They believe their businesses have become a deliberate target for killers. Soweto shebeeners say their livelihood is being threatened as alarmed patrons stayed away.

Irene, a popular Orlando East shebeener, said she felt like a "sitting duck" for robbers.

"I feel very bad about these attacks, they are threatening our businesses. Patrons feel unsafe in our shebeens, and if they stay away how will I survive?" she asked.

The National Taverners Association (NTA) and police agreed that robbery — and not politics — appeared to be the motive for most of the attacks.

NTA member Lucky Michaels called on the police to step up crime-prevention measures in the township.

"The attackers involved in these killing are criminal elements and unemployed gun-toting youngsters," he said.

Mr Michaels said the attacks were affecting business badly and that most shebeeners have stopped working at night — the most popular shebeening hours.

"Patrons cannot be expected to be part of the security in shebeens, and therefore, everyone is relying on the police. The only way is to get the police to (take action against) people with unlicensed firearms," he added.

Soweto police spokesman Captain Joseph Ngobeni said: "We need to do research to find out if shebeens are being singled out for robberies.

"This would depend on arresting the culprits and finding out what the motive for these robberies are before we can establish a pattern."

Tourism to give boost to timeshare

288

STAR 28/1/92

Timeshare will be the only affordable option for a family holiday in the future, says Steve Griessel, managing director of timeshare swop organisation Resort Condominiums International (RCI).

He told the annual convention of the Timeshare Institute of SA (TISA), which opened at Sun City yesterday, also that the timeshare industry would play a major role in providing accommodation for the expected tourism boom.

"South Africa has two scenarios regarding travel — the one is the effect of recessionary times which has resulted in people taking shorter and less frequent holidays.

"The other is that, due to political changes which have positioned South Africa more positively abroad, international airlines are returning and as a result South Africa will become a major holiday destination.

On a par

"Increased tourist numbers will have an impact on the holidays of locals, both from a pricing and availability point of view.

"Already a number of hotels and resorts in South Africa charge rates which are on a par with overseas and this limits the average South African in his choice of holiday."

There was a 17,5 percent increase in volumes of timeshare unit sales last year — 23 500 weeks sold.

In rand terms a total of R235 million was achieved — more than R25 million up on the previous year's figures, but the average price (R10 000) of units sold was less than in 1990.

Worldwide timeshare sales have reached an all-time high of $3,76 billion.

Tenth Lodge on the way

(288)

STAR 28/1/92

City Lodge — the "no frills" hotel chain — is on the expansion trail again with a new R20 million, 160-room hotel in Morningside, Sandton.

Hans Enderle, who launched the economy hotel concept in 1985 with the first of the national network at Randburg, opposite Sandton Clinic, says construction of the Morningside venture begins soon.

There are now nine lodges throughout the country with a total of 1 300 rooms.

Time Projects, which has been associated with seven, will co-ordinate construction of the new hotel on a prime site opposite Morningside Clinic on Rivonia Road.

"This new venture is part of our second phase of development which will see us with 2 000 rooms by the end of 1994," says Mr Enderle.

An indication of rampant cost escalation is seen in the fact that in 1985, the construction cost for the first lodge was R50 000 a room. Today, the figure is R125 000.

B/Day 28/1/92

Satour to exhibit in UK

SATOUR is to exhibit at the International Holiday and Travel Show in Bournemouth, England, from January 31 to February 2, the latest Satour newsletter says. "Interest in the country is booming, so we are very keen to ensure that agents everywhere are fully aware of the potential SA has to offer," says Satour's UK and Eire manager Russel Barlow-Jones.

(288)

Tourists swing south

(288) CT . 29/1/92

Staff Reporter

LATEST traffic statistics indicate that Cape Town has indeed taken over from Durban as South Africa's holiday mecca.

The independent toll plaza company Tolcon yesterday revealed that there had been a 22% increase in the number of vehicles travelling south to the Cape over the Christmas holidays.

A Tolcon spokesman said 231 000 vehicles had passed through the Vaal toll plaza on the N1 superway to Cape Town.

There had been only a seven per cent increase in the number of vehicles travelling to Durban on the N3 over the same period.

The swing towards the Cape had been gradual over the past few years, but the "most noticeable swing in favour of the Cape was shown this year", the spokesman said.

Captour also anounced that 35 000 tourists had visited its Strand Concourse bureau — a 28% increase on the previous year.

Captour chief executive officer Mr Gordon Oliver said the figures confirmed Captour observations that the Western Cape had been "jammed packed" during the season.

'New horizons' for Robert

Staff Reporter

CAPTOUR managing director Mr John Robert resigned yesterday — less than three months after former mayor Mr Gordon Oliver was appointed chief executive officer.

Mr Robert will not be replaced. Captour's staff structures are also being revamped.

Yesterday Mr Oliver said he had had a good working relationship with Mr Robert.

Mr Robert, who joined Captour when it started in 1978, said he would leave at the end of March by "mutual agreement" following structural changes.

He said that he had set his sights on "new horizons".

New City Lodge for Sandton

CITY Lodge, the local economy-style hotel chain, is to build a new R20m, 160-room hotel in Morningside, Sandton. It is the group's third hotel in the Sandton/Randburg area — all within five kilometres of one another.

"Construction will begin soon and the hotel should be ready for occupation by the end of the year," says MD Hans Enderle. BDay 29/1/92

The hotel will be the ninth developed by City Lodge since 1985 and will bring its overall number of rooms countrywide to 1 300. (288)

Time Projects will co-ordinate construction of the hotel on half of a 20 000m2 site opposite the Morningside Clinic in Rivonia Road. The other half will be developed into a medical suite and clinic.

More for less in R600 000 festival

ARG 30/1/92

(288)

CLIVE SAWYER Municipal Reporter

MORE Cape Festival for less money is the goal of the organisers of the event, dogged by controversy in the past and short of sponsorships this year.

The 1992 festival has a budget of only R600 000.

However, lack of cash has not dampened enthusiasm and some artists have volunteered to perform free.

One, singer Sanet Allen, has paid for the hire of her Old Town House venue out of her own pocket.

Mr Paul Lange of Adele Lucas Promotions said this year's festival would be similar to last year's which had "the formula for success".

Music would again be the theme.

Crucial changes to the festival, which runs from February 29 to March 8, would be:

- A clearer emphasis on music, with food and music stalls stripped away except for certain venues and a one-day special International Food Festival.
- The inclusion of the Victoria and Alfred Waterfront, using its venues for night-time jazz concerts.
- More rock music and less classical music on the streets, but with limited hours and only two amplified stages — in contrast to last year's four — so as not to annoy businesses.
- Privatisation of refuse collection, to avoid the mess that characterised the last Saturday of the 1991 festival.
- CTFM, a radio station broadcasting to the Peninsula for the duration of the festival.
- The inclusion of Kirstenbosch as a venue for four open-air concerts.

Mr Lange said the goal of the festival was for Cape Town people to enjoy themselves and not to draw tourists or boost specific businesses.

"The Cape Festival is a populist event, for the people, not a marketing gimmick," Mr Lange said.

Commenting on misgivings in certain city council circles that the festival was a flop, Mr Lange said: "It is a privatised event and while the city council controls the venues, they do not control the event itself."

The festival committee, chaired by Mr Bob Wood, would decide whether the festival was a success and whether it should continue into 1993 and beyond.

Erina - super resort along the Vaal River

Sowetan 31/1/92. (288)

By ISAAC MOLEDI

ERINA Spa, a multiracial holiday resort in the Vaal Triangle, is a neatly developed 21-acre sanctuary situated on the banks of the Vaal River.

It has various features associated with pleasure resorts and boasts two heated pools - which enables it to be open all season - and one cool water swimming bath.

A spot at the resort known as the "fisherman's paradise", has a high concentration of fish underneath the barrage.

In addition, there is a watersliding tube (also heated), playrooms with pooltables and other games, pony riding, a cafeteria and shady trees with carpet-like lawns.

The ablution facilities have a capacity to service a big crowd. Its "lapa", with its own kitchen and bar with room for 100 people, make this resort a practical venue for groups.

The resort consists of a caravan park with 100 available stands, each equipped with its own water and electricity points and 10 chalets. The beauty, attractiveness and the neatness of the resort makes people eager to nestle down at Erina during weekends as well as school holidays.

The resort is marketed on a club membership basis, ensuring all members entry on any day of the year at only 50 percent of the daily rate.

Erina Spa director the Rev Robert Watt said: "We have been fortunate to have several schools visiting us from the black townships of the Vaal Triangle during the latter part of 1991.

"We were pleased to have catered for them".

Husband and wife hotel owners team Terry and Sue Harris with one of their employees Mr Ernest Mabuza.

'Small hotels can fill venue gap'

(288) Sowetan 31/1/92

Sowetan Reporter

SOUTH Africa's smaller hotel owners are missing their market and should therefore adapt to supplying not only affordable leisure accommodation but also providing facilities for conferences and training.

Emphasising the need for smaller hotels with between 25 and 35 rooms to suit the changing social climate are Sue and Terry Harris, owners of newly renovated Garden Lodge Hotel at Muldersdrift.

They advise flexibility among smaller hotels.

Nestling in the outback of Johannesburg about 50km west of the city centre, Garden Lodge provides a much-needed breather for a had-enough-of-it-all city slicker. The hotel's countryside surrounds, which are peppered with chalets, blend harmoniously with the nearby Crocodile River.

"Too often you find the smaller hotels depending almost entirely on their liquor sales for their profit," says Terry.

He says there is a definite demand for facilities by companies looking for a venue which could be used for both business and entertainment.

"We, independent hoteliers, should start pitching our market to suit our changing social climate."

Terry points out that hotels which do offer conference facilities are more often three to five star hotels.

"The company finds itself paying for facilities which their delegates will not use.

"The smaller hotels, however, can not only supply all the requirements for conferences and seminars, but can often be more flexible than the larger hotels," Terry says.

The environment of a small hotel, Sue says, is also particularly conducive to technical training.

"Training centres are often just that bit too basic and there is seldom a facility where people can relax after hard day's session.

"Here there is another definite gap the small hotel should fill.

"We can offer people in training a pleasant working environment as well as an opportunity to relax afterwards. By combining the two, it encourages the team spirit which all companies wish to nurture.

"South Africa has an entire generation of workers who are relying on their companies to train them in the skills they did not learn through formal education.

"There will be a need for a neutral venue in comfortable surroundings, says Sue, who is in charge of the day-to-day running of the couple's hotel.

Wine, spirits going up and beer may follow

STAR 31/1/92

By Paula Fray
Consumer Reporter

Liquor costs are set to rise in the near future after an announcement that wholesale prices to retailers would rise by between four and 16 percent for various spirits and wines at midday today.

And, say retailers, South African Breweries could follow suit in the near future.

Federated Chamber of Liquor national chairman Len Polivnick said the spirits and wine increases on retailer prices follows a KWV announcement of a 12,77 percent increase to suppliers earlier this month.

The retail increases are: standard brandy 4,5 percent; premium brandy 5,5 percent; white spirits such as gin and vodka, 7,6 percent; liqueurs 8,1 percent; natural wines 10 percent; sherry 12,5 percent; wine aperitifs 16,2 percent; whisky 8,5 percent and sparkling wines 12 percent.

However, Mr Polivnick said he did not believe the increases would filter through to consumers immediately.

"The retail liquor trade finds itself in a position where is it so overlicensed, so competitive, that retailers will try to hold prices down as long as possible," he said.

On the other hand, retailers just through a bad trading period and facing a bad economic climate would now also have to finance stock at a higher price which would "hamper their cash flow", said Mr Polivnick.

"The little bit of extra profit (made over the festive season) is always eaten up by this traditional increase."

Mr Polivnick said retailers were also expecting a similar price increase announcement for beer from SAB in the near future.

At the time of going to press, no one was available for comment at SAB.

Asked if this would be the only increases this year, Mr Polivnick replied: "I don't know. We are totally in the hands of the producer wholesalers."

Natal casino operators taking a chance, say police

STAR 1/2/92

288

OWN CORRESPONDENT

DURBAN — Plans are far advanced for the opening of a casino at Maritzburg's Capital Towers Hotel.

And an organisation is promising to open gaming rooms at the four-star Edward Hotel in Durban soon.

But the Vice Squad has warned that operators will be opening casinos at their own risk.

Durban is not getting set to challenge Sun City and the Wild Coast Sun for the title of gambling capital of South Africa, although some hoteliers say they will welcome a relaxation of gambling laws removing the "unfair competition" of casinos in the homelands.

Maritzburg's first gaming rooms are set to open this month. Capital Towers Hotel general manager Mark McKillop says the casino, if it opens, will not be run by the hotel. Part of the hotel, to be known as the Capital Palace, has been leased to an operator who is running a similar casino in Johannesburg.

Mr McKillop says he understands a court ruling makes poker machines and blackjack games of skill, and therefore legal. The casino will open at his hotel only if given the go-ahead by the authorities.

Liz Gribble, who is interviewing prospective croupiers for the Capital Palace, says her organisation, River Palace Leisure Industries, will soon open gaming rooms at Durban's Edward Hotel.

The game her outfit offers is Ace High, which is based on blackjack.

Recently a Transvaal Regional Court magistrate found Ace High to be a game of skill, making it legal. Poker machines were not proved to offer games of chance.

River Palace Leisure managing director Ray Morgay says his organisation has a policy of working with the authorities.

Chris de Koch, executive director of Southern Suns, which includes the Holiday Inn group, says his organisation is not considering a similar operation to that of River Palace Leisure's.

Alan Gooderson, Natal chairman of the Federated Hotel Associations of South Africa and managing director of the Kondotel Inns group, has long campaigned for relaxation of South Africa's gambling laws. Barring gambling in South Africa gives hotels in satellite states an unfair advantage, he says.

He will certainly consider opening casinos in his hotels if the laws are relaxed.

However, Durban Vice Squad chief Captain Piet Meyer has the last word: operators will open casinos at their own risk.

He says the Transvaal court decision is not binding on police in Durban, who are investigating games like Ace High and Black O Jack, both derived from blackjack.

Lodge fills up

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SI Times (B4553)

WITHIN a month of opening, Breakwater Lodge — residence of the University of Cape Town Graduate School of Business on the V&A Waterfront — has achieved 80% occupancy and is fully booked for February. 2/2/92

The 327-room lodge is managed by the Fortes King Hospitality Group.

Director Kevin King says: "The market for budget-price accommodation includes most income groups."

The Lodge has accommodated both wealthy and budget-conscious holidaymakers. There have also been honeymooners.

Mr King says 20% of the guests are foreign, mainly English and German.

Big Mac's nibbling at SA opportunities

STimes (Buss) 2/2/92 286

By TERRY BETTY

FAST-FOOD giant McDonald's is looking for a partner in South Africa.

A businessman says representatives of McDonald's and eight other American franchisers are in SA to carry out feasibility studies.

The businessman says the price of entry to the venture will depend on the buyer's expertise and political connections.

Another 20 American franchise operators have asked SA businessmen to prepare proposals about how they would work.

This is the result of an 11-man delegation to America last September. It was led by American Trade Office representative Zuko Tofile. The trip was co-sponsored by the American Government and SA enterprises.

The Master Franchise Association (MFA) was formed last year to buy master franchises for SA. They will sell them to other businesses.

Mr Tofile says it has not been decided how MFA will be financed. But he has been assured that many large companies want a stake in the venture.

MFA is not the only group looking for US franchises. Other businessmen have approached American franchisers directly.

Some American franchisers have agreed to set aside funds to develop black skills in SA.

Mr Tofile says that apart from providing employment, franchise operators will help budding entrepreneurs by directing business their way.

For example, a franchisee may buy overalls from a supplier who would get a bank loan on the strength of guaranteed orders over a set time.

American studies show 85% of businesses started by individuals collapse within 10 years, but only 5% of franchisees do. This is because successful franchised businesses operate according to tried and tested procedures with established products and services.

Banks are also more inclined to lend money to such businesses.

Tourist influx seen as skyways are freed

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STAR 3/2/92

By Frank Jeans

There will soon be "free skies" over South Africa, opening the way for a rush of tourists and providing the country with an ever-increasing share of the $2 500 billion world travel business.

It is understood the Government is set to deregulate aviation and break away from the old shackles of only one airline each way.

April 1 is believed to be the official date for the new measures, which will inevitably give further impetus to the already growing numbers of visitors to South Africa.

An air-fares war is sure to follow as airlines compete for South Africa, which is seen to be one of the world's most popular destinations for tourism.

British Airways is already having a glimpse of things to come, with a 40 percent increase in bookings to South Africa over last year's figures.

Malcolm Freeman, general manager of British Airways, says: "At present air routes are fixed by governments, whereby, for instance, South Africa and Britain nominated one airline to serve each country.

"This is probably going to change and we will see a move towards a system where more than one airline will be permitted to operate from all countries serving South Africa on a two-way basis."

A further fillip to airway freedom is the fact that during the sanctions era, many countries imposed a ban on promotions and advertising in the South African context.

All these bans have now been lifted and British Airways has been quick to seize the opportunity of again pushing business with South Africa.

"Our brochures about South Africa have been selling like hot cakes," says Mr Freeman.

The South African Tourism Board (Satour) is equally positive about prospects for the local tourism industry.

The latest figures from Satour show increases in arrivals from all world centres.

Visitors from Europe last September totalled more than 28 500, compared with 22 400 for September the year before, while American visitors numbered 5 009 compared with 4 143 last time.

Ron Haylock, European operations manager of the American-based timeshare swop organisation, Resort Condominiums International (RCI), has hit out at what he terms "the South African Airways-British Airways cartel".

"This should be dismantled so as to ensure that South Africa enjoys an increasing share of the tourism surge of the future," he told the Timeshare Institute of South Africa (Tisa) convention at Sun City recently.

"Travel and tourism generate $2 500 billion annually, which represents 5,5 percent of the world's gross domestic product," said Mr Haylock.

"Get those fares down — and watch the invasion!"

Commenting on the sustained growth of timeshare throughout the world, Mr Haylock said more and more major players were moving into the field, with France the target area for a massive spread near Paris being put together by America's Disney group.

"Following the collapse of communism, Eastern Europe, too, is turning towards the holiday-for-life concept," he said.

"We already have 3 000 east Germans as RCI members."

Dale Pretorius, Satour's deputy director, international tourism promotion for Europe and the UK, says: "South African Airways has already initiated fare cuts and is now tremendously competitve on all routes, not just the UK.

"We welcome this as being proactive in a market which must become even more competitive in the future."

'Sanctions mentality' hits growth

Business Staff 286 ARG 3/2/92

JOHANESBURG. — South Africa "is still stuck with a sanctions mentality" which is seriously hindering economic growth, says Wayne Mitchell, executive director of the Centre for Promotion of Foreign Investment in South Africa.

He said the government should lower its high import duties to make the manufacturing sector more competitive and better able to compete in world markets.

Mr Mitchell said many countries were eager to trade with South Africa and investment funds were banking up. But South Africa so far had done little to make itself ready to conduct normal international trade.

Manufacturers needed to be able to compete at home before they can expect to be competitive internationally. This meant that high import duties, which were restricting open trade and competition, must be reduced.

The protectionism afforded industry had led to extreme price hikes and to inflation.

He highlighted areas where extreme gaps existed between South African and European Comunity import duties.

One area was cars. Although the price of cars had risen alarmingly, there was still a 110 percent import duty plus a 12 percent ad valorem duty plus a 20 percent surcharge on imported cars.

The EC duty was 10 percent. In addition, most EC countries had well organised and efficient commuter services, he said.

Clothing made of 100 percent cotton carried a 30 percent import duty and a 15 percent surcharge, yet the textile and clothing industry was calling for further protection. The EC imposed a surcharge of 14 percent.

South Africa's high level of illiteracy made radios and TV sets crucial for communication and education. Yet radios carried a duty of 25 percent, a surcharge of 40 percent and an excise duty of 37,5 percent. The EC imposed a duty of 14 percent.

Sunbop expected to boost Kersaf results

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BDay 3/2/92

MARCIA KLEIN

DESPITE a worsening of the economy in the six months to December, the Kersaf Group is expected to show interim profits in line with those posted at the June 1991 year-end and ahead of most other consumer-oriented companies.

Analysts expect Kersaf to report a 15%-16% earnings rise for the six months to end-December, mainly on the back of good results from star performer Sun International Bophuthatswana (SunBop).

SunBop, whose results will include an injection of earnings from the Carousel Entertainment World at Babalegi, is expected to show an earnings increase of between 18% and 20%. SunBop has already declared a 16% higher dividend for the six-month period.

Analysts said it was a strong company with an impressive track record and a good geographic spread, and it had consistently shown earnings growth despite the economy slowing down.

Hampered

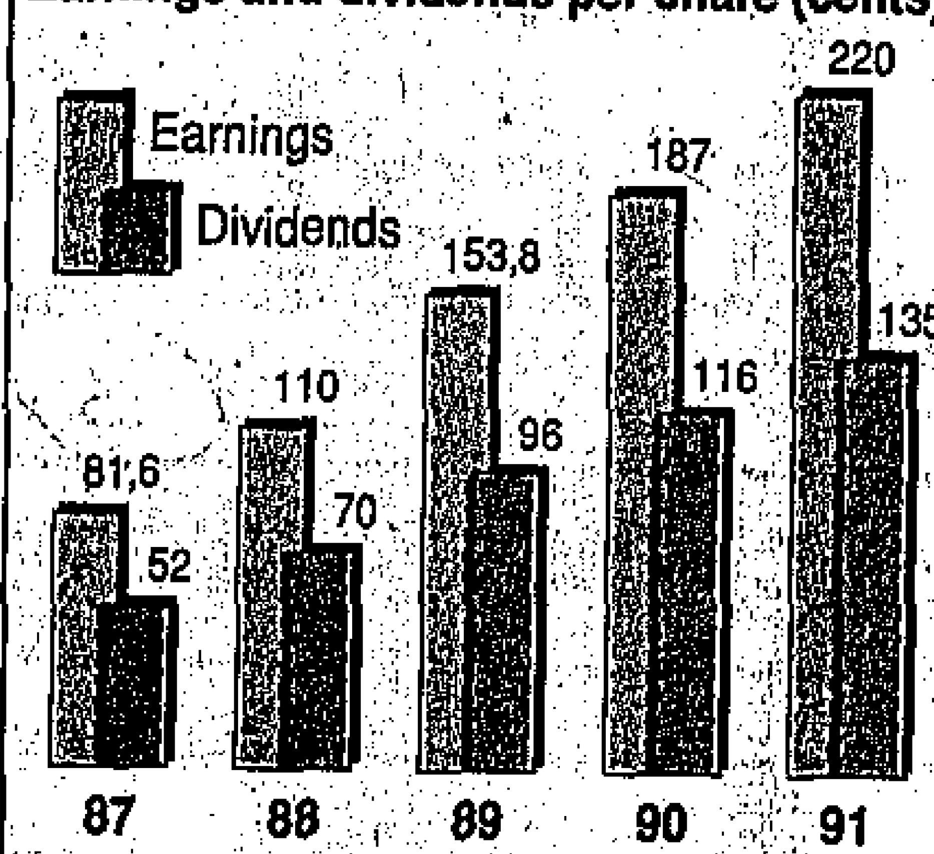
Although the Lost City project at Sun City would cost about R750m compared to the R650m budget, an analyst said it was important that SunBop "did not short-change the development". Cost overruns were due to an increased range of projects rather than to unexpected costs, he said, and its R178m rights issue, which had been well received by the market, would not result in any real dilution.

The opening of the Lost City would see the group change its focus slightly, and an analyst said this could result in a change in its earnings base. This was because the Lost City had high overheads in comparison with other cash generating operations like the Morula Sun and the Carousel.

Analysts were unsure of how recently listed Sun International Ciskei would perform and said Transkei Sun's earnings, which would be hampered by its R75m capex on additions and refurbishment, would be pedestrian.

But the outlook for international tourism "looked better every day", and Sun

Kersaf
Earnings and dividends per share (cents)



Graphic: FIONA KRISCH Source: KERSAF

International was one of the only hotel groups which would benefit from this.

Its holding in the Kalahari Sands in Namibia could benefit the group in the nearer term, with the possibility of gaming becoming legalised in the country.

Entertainment and leisure group Interleisure would show the effects of the pressure on consumer spending, but analysts were still expecting to see some relatively good growth.

Its major contributor Ster-Kinekor last year reduced ticket prices in an attempt to ease the effect of the introduction of VAT. An analyst said volumes may not have compensated for the reduction in ticket prices, and this could have an effect on the results.

Interleisure could benefit this year from the possible opening of Sunday movies, which could be tabled in this session of Parliament.

Analysts said this group remained a good cash generator — a feature of most of the Kersaf group's operations.

A major area of interest was Royale resorts, which incorporated Kersaf's Mauritian operations. An analyst said Royale was sitting on a huge cash pile, but Kersaf may find that the opportunities in southern Africa were greater than those currently available overseas.

Although Douglas Green Bellingham, formerly Kersaf Liquor, was not a great contributor to earnings, it nevertheless was a good cash adjunct, an analyst said.

Gambling changes planned

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MARCIA KLEIN

CHANGES to gambling legislation in the current parliamentary session could have significant consequences for Sun International and the large number of independent players who have recently entered the gaming market.

A Justice Department spokesman confirmed on Friday that amendments to the Gambling Act could be expected this year, "subject to the parliamentary programme".

In November Justice Minister Kobie Coetsee told the Transvaal NP congress the Gambling Act was being reassessed as it had become impossible to maintain. He hinted at a system of regional licensing.

Last week sources said government had consulted interested parties, whose suggestions would be taken into account.

Industry sources said changes to the Act could include directives on levies and license fees, distance from city centres, taxation and contribution to social welfare. It was also suggested the Act could require casino operators to build resorts.

This could favour Sun International, which had already pumped large amounts of revenue into underdeveloped areas, market analysts said last week.

Although the proliferation of gaming operations in the major centres could be seen as a threat to Sun International, analysts said it could work to the group's benefit as

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☐ From Page 1

it could force government into promulgating clear legislation which would regulate the industry.

If the law was tightened up, Sun International would benefit from reduced competition. If it was relaxed, the group would be able to compete on equal terms with other operators who presently did not have to pay certain levies and taxes.

An independent operator, who has card, blackjack and poker machine facilities, said most independent operations — of which about 30 had opened in Johannesburg — would remain unaffected as they offered only games of skill.

Although variations of blackjack have been viewed by certain authorities as games of skill, a major complaint has been that the Gambling Act has not made clear the definitions of games of chance, which are illegal, and legal games of skill.

If they were found to be games of skill, government could find it difficult to legislate against these operations, but it could limit the amount of licenses.

Generally, analysts believed government would legislate against those gaming venues which operated in the big cities.

● See Page 5

Middelburg hotel owner denies racism

STAR 5/2/92

By Michael Sparks (285)

A construction company director has had difficulties booking one of her employees into an hotel in Middelburg in the Transvaal, where the firm recently obtained a contract.

And it is not because a major convention has booked all the rooms in town.

It is because the man is Indian, says Iris Shoobridge.

She tried to book her employee into the Hendrina Hotel in Middelburg but was told by the owner, a Mr Verwey, that he was dependent on regular customers coming to his hotel and he could not allow the man to take a room for one night.

"He kept on saying: 'It's not me, it's the customers. This is a CP town,'" Mrs Shoobridge said.

She said Mr Verwey told her his was the only hotel in town.

Mr Verwey denied Mrs Shoobridge's version of events.

"She lies", Mr Verwey shouted when asked to comment on not allowing a person of colour to stay in the hotel.

"She can book in any person she wants. We just need a name. We have already put black people into the hotel."

He added: "I am not going to comment on this," and put the phone down.

Mrs Shoobridge later learnt that another hotel in the town, the Midway, was multi-racial and that anybody was welcome to stay there.

Thanks, but no thanks: Nelson

COPENHAGEN. — ANC President Mr Nelson Mandela praised Danish people yesterday for their anti-apartheid stand, but remained at odds with the Danish government over lifting sanctions on South Africa. (280) AAG 6/2/92

Mr Mandela said he had asked Prime Minister Mr Poul Schlueter to thank the people for their support, but he insisted that sanctions must remain.

Denmark's government has never supported sanctions against South Africa, but was forced to adopt them by opposition parties with a parliamentary majority.

Mr Mandela said he had talks over Danish help in preparing the ANC for elections and training young blacks. He also offered Danish businessmen special treatment in return for keeping sanctions. — Sapa-Reuter

...and surrounding areas would have ...m² of new and refurbished accommodation completed in 1992, of which 9 900m² was let in December.

JHI in association with Syndev Properties. The purchase covered three properties collectively known as the APD Portfolio.

Timeshare roller-coaster

PETER GALLI

MORE weeks of timeshare were sold worldwide in 1991 than in 1990 despite the problems associated with the industry and the public's negative perception of it, says RCI European MD Ron Haylock.

On the local front, about 30% of all new timeshare purchases in the last six months had been to black buyers.

"I believe that by 1995 Durban will again be the tourist mecca of SA, but to a different market," said RCI MD Steve Griessel.

While timeshare sales in Durban had dropped 49% to 1 240 in the year to November, the Natal north coast showed an improvement of 29% to 2 910, with Natal south coast sales plunging 40% to 1 251.

At its recent 1992 timeshare conference at Sun City, outgoing Timeshare Institute of SA (Tisa) chairman Bruce Ravenhill said in future all Tisa registered resorts would carry a certificate stating they had undergone careful scrutiny from legal, financial and ethical aspects.

"The concept of timeshare is still valid and the media hype during the year about the eight developments that got into difficulty, contributed to this perception of the industry as a whole," Ravenhill said.

Figures released by the World Travel and Tourist Council showed that tourism was the world's biggest economic sector, accounting for 5,5% of the world's GNP.

"In 1990, the industry was responsible for employing one in every 15 people and this narrowed to one in every 14 in 1991," Haylock said.

In this context, timeshare was a small player, representing about $3,7bn. Of this, sales of $1,2bn took place in the US and $1,2bn in Europe.

The local RCI is affiliated to 140 resorts in Africa, with 97% of these located in SA.

RCI in Europe had 98 affiliated resorts in 1991, one third of which were in Spain.

"The British are still the biggest timeshare buyers. Of the 80 000 new members enrolled, more than 30 000 were British," Haylock said. 288

Timeshare exchanges had also shown good growth, with 42% of owners using the system.

DP to renew lottery call

GERALD REILLY

PRETORIA — The DP is to renew its call during this parliamentary session for the introduction of a state lottery or provincial lotteries to ease government's "unprecedented and worsening financial stress", DP trade and industry spokesman Brian Goodall said yesterday.

Government's distress was plain when, for instance, it would be compelled to slash the white education budget by more than R600m in the new financial year.

The critical need for funds, Goodall said, could be alleviated painlessly through revenue raised from such lotteries. B/Day 6/2/92

The great advantage of a state or provincial lottery was they would be a tax on the willing. No one would be forced to participate.

More than R1bn could be raised annually to relieve poverty, provide greater policing to combat the surge of urban crime and to relieve spreading hunger.

In many other countries lotteries had become an important source of funds for social development and relief of hardships.

Goodall said horse racing was tolerated by the state and revenue from it formed a significant part of provincial budgets.

Scratch cards were another form of gambling now being looked at with blinkers.

288 Casinos

"Millions of rands are spent by South Africans annually in casinos in adjoining territories and scratch cards stands are at every street corner," he said.

Goodall said that against this background and the government's critical need of revenue, to oppose lotteries made no sense.

Although Sacob had not taken a stand on lotteries so far its "predecessor, Assocom, supported a state lottery as a voluntary form of taxation.

Beer price to rise today

Consumer Reporter

The bad news for consumers sweltering in the present heat is that beer prices will increase by an average of 9 percent today. (288)

South African Breweries said yesterday the price increase would vary between pack ranges and geographic areas, depending on transport charges. STAR

Beer division managing director Graham Mackay said the increase was below current and expected inflation rates. 7/2/92

This follows last Friday's increase of between 4 percent and 16 percent in the price of spirits and wine.

The SAB added that retail prices in bottle stores and bars were set by the retailers themselves, and that the SAB could not say by when and by how much retail prices would increase.

However, Federated Chamber of Liquor national chairman Len Polivnick said the impact of the beer price increases would be "almost immediate".

"Beer is highly perishable and retailers by and large do not hold much stock," said Mr Polivnick.

FM 7/2/92 (288)

TIMESHARE

Putting Humpty together again

Big liquidations have created image problems for a growing industry

Do you — or do you not — need your head read if you buy timeshare? The industry has been plagued by an image of unethical and obtrusive salespeople and developers who often appear on the run. As investments, the holiday weeks bought can turn out to be unsecured, intangible — and unprotected.

The argument that timeshare should not be regarded as an investment *per se* is valueless if even the lifetime vacation you believed you were buying is swallowed up in sharp practice and escalating costs.

In 1991 alone, no less than 11 developers of timeshare schemes (just under 7% of the market) went into liquidation. For a jaded public — particularly non-owners — this seemed to provide further evidence that timeshare was, and is, a con.

The outfits that went under were Kruger Park Lodge (Willem Bester Trust); Sudwala Lodge (Frank Pennington); Mabula Lodge (three separate shareblock schemes developed by the Joubert family); Seafields (two shareblock schemes developed by a syndicate headed by Trevor Smith); Bronnehof (Merlin de Jager); Club Mykonos (Masterbond); The Hallyards (Hallyards Pty); and Corona del Mar (Dr Gerard van Rooyen).

Those big-name failures tarnished the industry's carefree image.

While there were no liquidations in 1990, in 1989 the Summer Leisure fiasco made itself embarrassingly apparent; and back in 1983, South Africans will remember the belly-flops of La Montagne and Club Hacienda on the Natal south coast.

Anticipating disastrous sales in 1991, Resort Condominiums International (RCI), in August 1990, forecast a 35% decrease in new sales in SA in 1991. RCI is a private company with its HQ in Indianapolis; it has a dominance over international timeshare exchanges and has managed to affiliate 140 of SA's 155 timeshare resorts.

But what actually happened in 1991?

Instead of declining, SA timeshare sales increased by 17,5% over 1990 to a total of 23 500 weeks — the standard unit of timeshare — sold at a rand value of R235m. That is 3 500 more weeks and over R25m more in sales over the previous year.

Admittedly, the average price (R10 000 a unit) was less than in 1990 (R10 500), attributable, in RCI's opinion, to greater price sensitivity. Nonetheless, "this 17,5% increase occurred despite the negative publicity and liquidations," RCI boasts.

The market also showed some interesting shifts in trend. Sales in Durban and along the Natal south coast dropped — the sign of a mature and well-established market, according to RCI — and increased remarkably on the Natal north coast and in the Cape, east and west, in line with general tourism patterns. Worldwide, 1991 sales reached their highest level ever at US$3,76bn — an increase of 32% over 1990's $2,85bn.

However, in the US — which until 1991 notched up the greatest percentage of timeshare sales per household — growth was stagnant: the total value of weeks sold remained at $1,2bn. In RCI's view, this level is still excellent considering the maturity of the market after a 16-year success story.

Europe matched US sales, increasing its weeks sold by 23% over 1990. Sales continued to be particularly high among the Brits — despite a vigilant and critical press — followed by the Spaniards, buoyed by rising affluence.

In SA — among those who can afford it, at any rate — the proportion of timeshare buyers per household ranks first in the world. Market penetration in the white income group is a staggering 10% — lagged by the UK with 1,5% and, thereafter, by the US at less than 1%.

In 1991, SA also continued to rank high in terms of the number of resorts worldwide. It comes third on the list (with 140) after the US (876) and Spain (198).

What of SA's black, coloured and Indian market? The more affluent have begun to show more interest in timeshare, possibly for the same reasons as whites — increased costs of holidays, overcrowding at mass resorts, a general decline in access to quality leisure. Of sales in SA to mid-1991, RCI estimates only 2% were to non-whites. Since then, over the past six months, a whopping 30% of new sales have been to this market.

RCI expects increased tourism to SA to have a big impact on future sales.

Exchanges by SA timeshare owners grew 41% last year from 32 000 in 1990 to 45 000. Of that, 15% were international.

Worldwide the figure was 1m, an increase of 17,6% over the previous year's 858 000. Clearly timeshare — which is a flexible instrument given the simplicity of its basic idea — is gaining new respectability.

Speaking at the annual convention of the Timeshare Institute of SA (Tisa) at Sun City last month, RCI Europe chief Ron Haylock showed how Europeans — traditionally more conservative than their US and SA counterparts — are demonstrating greater interest in purchasing and exchanging timeshare.

Membership in RCI Europe increased from 211 000 in 1990 to 289 000 in 1991 (to the year-end) and there was a concomitant increase in the percentage of members exchanging time slots — from 39% to 42%.

He feels it would be even "more scandalous" than a fresh bout of liquidations if RCI Europe did not have enough resorts to cater for the "exponential growth; as a result, we have opened four offices in Europe in 1991 and affiliated 98 new resorts, giving us a total number of 560 resorts in Europe."

Haylock says France has not been a major player in timeshare — but this is about to change. Eurodisney, a theme park with associated timeshare and hotel accommodation (5 500 rooms), is to open about 30 km from Paris and should give that market a big push. About 14m visitors are expected in the first year alone.

Haylock's analysis included the opinion that SA will become a favoured destination for Europeans and others "if airfares can be brought down from the current £700 to £500. The deregulation of your airline industry and, in particular, the progressive blunting of the SAA and British Airways cartel, is music to our ears."

RCI SA, he notes, is the biggest tour operator in SA and RCI Inc is the third-largest in the world.

It is the entry of major players into the timeshare industry that has given renewed credibility to the industry — not only worldwide, but in SA too.

The Disney Organisation moved into timeshare in the US and UK in September, following the Hyatt Group's entry in early 1991. On the local market, in 1991, First National Bank endorsed an RCI Leisurecard. And two years before, Southern Sun Timesharing launched "Sunswap," an exchange scheme for its own resorts, in conjunction with RCI.

According to RCI SA MD Steve Griesel — currently doing a masters degree on consumer attitudes towards timeshare — Leisurecard and the introduction by RCI of a 15-year guarantee for affiliated resorts were responses to the spate of liquidations in 1991.

He is defensive about the situation in general, arguing that "despite the liquidations, no-one has actually lost his rights. The guarantee will provide that much more insurance, or reassurance, for timeshare purchasers."

Of the 14 schemes that have landed in trouble since the birth of timeshare in SA, Griesel says that all but one — The Hallyards — have been or are in the process of being rescued. The Hallyards is the subject of a current court case and the crux of the problem appears to be that the developers did not register a 99-year lease, leaving owners rights for 10 years only. To rectify the situation, RCI has apparently given the 140-odd buyers 15 years' worth of holidays.

The big question is: what more remains to be done to protect timeshare buyers? There is already a great deal of consumer protection available in the Property Timesharing Control Act of 1983, which primarily protects buyers when a scheme is not completed. But with public image at risk and criticism from a variety of sources, the industry is clearly at pains to regulate itself.

Tisa has introduced a certificate stating that all its registered resorts have been carefully scrutinised vis-à-vis their legal and financial structures and their ethical conduct. The certificate will also set out in plain language the rights of the buyer — with the focus on important criteria such as the amount of the outstanding bond, if any, and levies. It will certify that the documentation has been checked.

In other words, the document provides at least some legal safeguards for the unwary. In addition, an insurance scheme for timeshare buyers is being explored by Tisa, working with insurance broker Dewars Rand.

Tisa is at pains to point out that of the 14 liquidations to date, only Mabula was registered with it.

For its part, RCI says it is becoming more discriminating about which developers it admits to its privileged club. Clearly, however, that was not always the case — especially when it was building itself up in the early Eighties. Of the 11 developers who went into liquidation in 1991, only Bronnehof and Sudwala were not RCI members.

It would be nice if that was all past now; a bit of self-regulation can do wonders, but there are many who would like to see the industry even further locked in statutory controls and regulation. The *FM* believes this would be a bad idea — but the pressure is on from people who have lost out.

RCI Europe's Haylock, for one, is not kidding himself about the ability of the industry to regulate itself. This is particularly true in the UK — where no legislation exists to regulate timeshare. "I thought it was possible until a few years ago, but it's not," he comments.

"The European Commission plans to issue a timeshare-specific directive to all member governments to cover the following four points: a definition of timeshare; the provision of a 'cooling off' period for the buyer; protection of client deposit monies; and a requirement that the legal structure of a resort will offer secure occupancy rights for the buyers. Like all EC directives, this will give member governments between two and three years to translate the directive into national legislation."

Haylock concludes that timeshare-specific laws could be in place in the 12 member countries by 1994.

Like SA, the UK has suffered its share of failures — among them the Walton Hall scheme in the Midlands which recently caused chills throughout the industry. It was put into receivership in 1991 but eventually revived by new management. And there were others.

Why and how these schemes came unstuck is being studied right now.

"The relevance of factors precipitating failure in the timeshare industry" is the subject of a proposed doctoral thesis being researched at the University of Stellenbosch by Cape Town-based Peter Müller, the former mayor of that city and a former chairman of Fedhasa Western Cape.

Says Müller: "There is nothing wrong with the concept of timeshare. Nor is there any doubt that the industry is a vital part of the tourism industry. However, 11 resorts experienced failure symptoms last year which further exacerbated the already poor image of the industry.

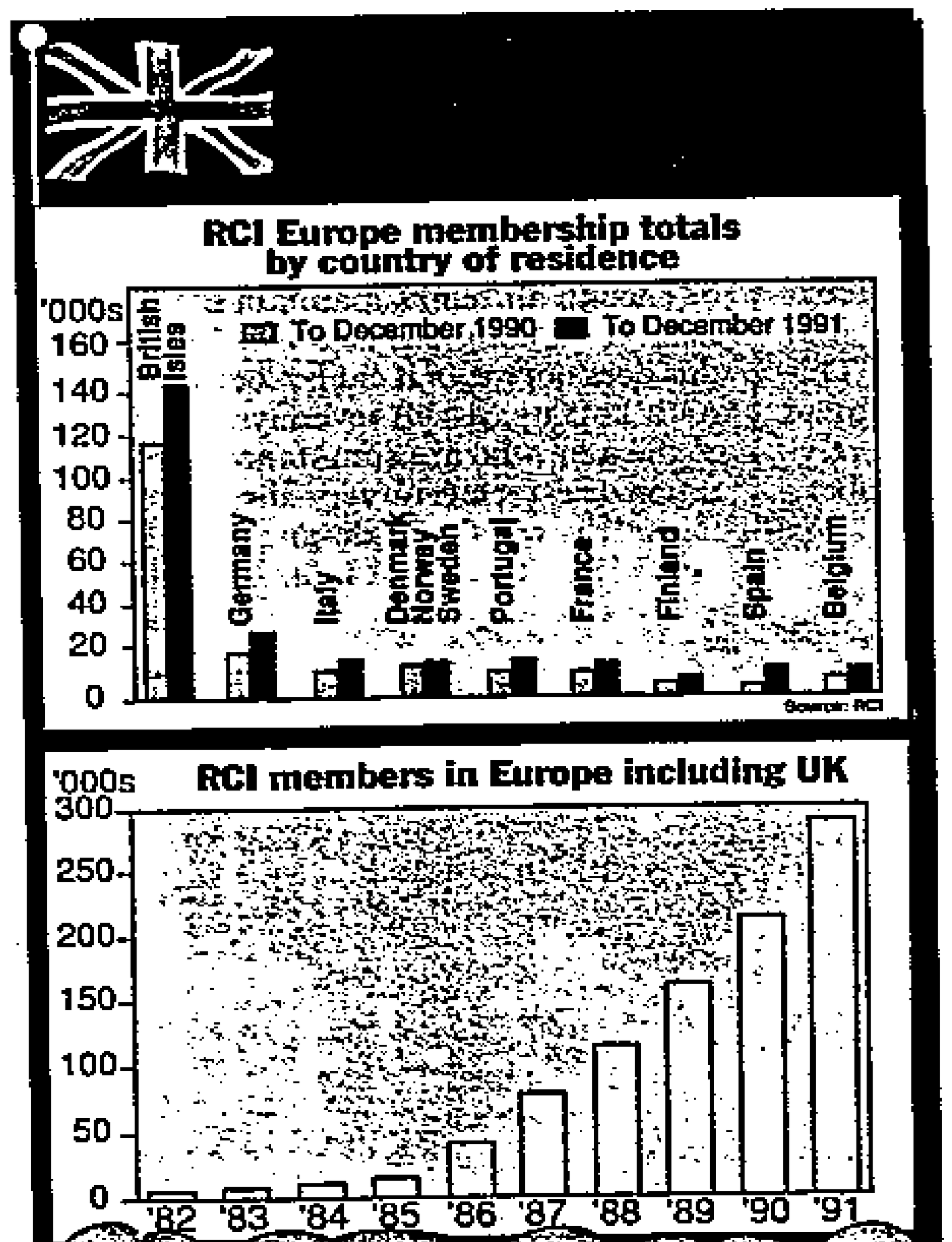
"After the vigorous, initial growth phase of the last eight years, the industry is now at a watershed where it needs to improve its image and credibility, laying the foundations for further vibrant growth in the years ahead."

The answer to the question posed in the first sentence of this leader has to be no, you don't need your head read. What you do need to read is the fine print — and it would help if that fine print was made bolder by the big names who are reclaiming the wreckage left by rats and mice. But this is, evidently, happening. ■

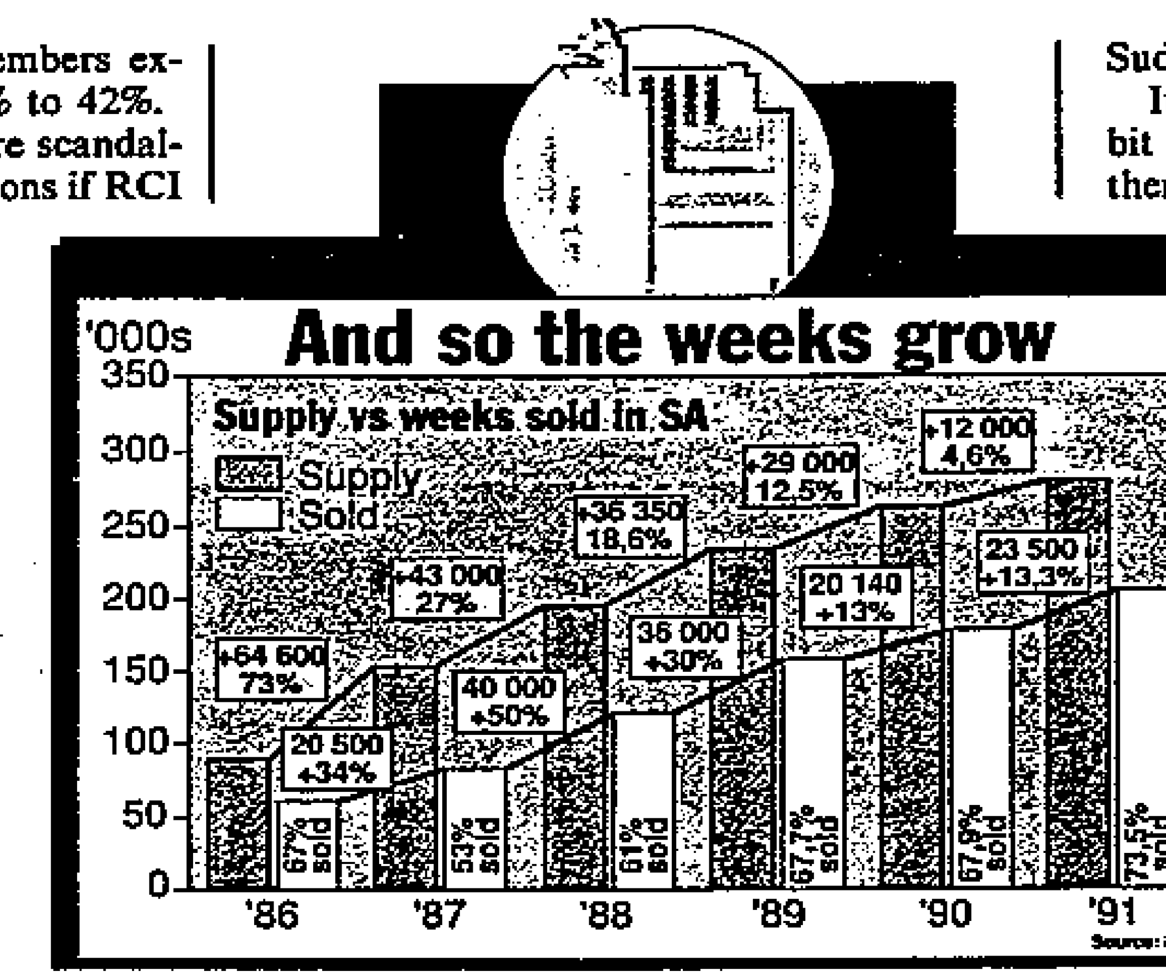
TOP OF THE POP RESORTS*

The Peninsula
Port Owen Marina
Drakensberg Sun
Kwa Maritane
Cabana Beach
Breakers
Champagne Sports Resort
Strand Pavilion
Karos Mont-aux-Sources
Karos Lodge
La Cote d'Azur
Beacon Island
Mount Sheba

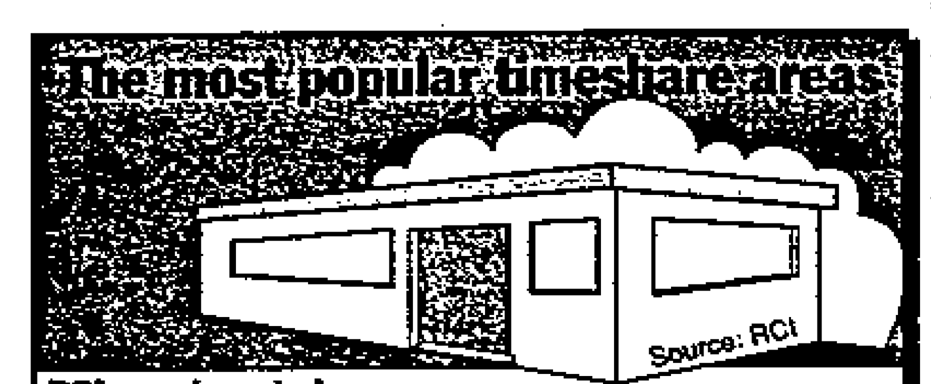
* Rated by Kessel Feinstein Consulting in terms of: location of the resort; resort amenities; unit amenities; unit interior; kitchen amenities; and resort services



Soaring sales



And so the weeks grow



The most popular timeshare areas

RCI enrolments by area during 1991	To date	Geographic split	Compared to 1990
Durban	1374	6,5%	-38%
Natal north coast	3539	16,5%	+48%
Natal south coast	1379	6,5%	-29%
Cape	8641	40%	+24,6%
Inland	6456	30%	-17,6%
Total	21389	100%	+17,6%

FM 7/2/92 (288)

Club Med resort for the Cape

S Times 9/2/92

By MANDY JEAN WOODS

THE international leisure group, Club Med, is expected to announce within the next two months plans for a multi-million rand luxury resort to be built in South Africa.

Managing director Elaine Youngelson confirmed this week that negotiations were "90 percent" completed for a 400ha property at Hoogekraal, close to Glentana on the southern Cape coast.

Plans are scheduled to be completed by June this year, with an opening date of December 1994.

Twelve original sites selected have been whittled down to four — the others are in Natal, the Kruger National Park and in Bophuthatswana — but only negotiations for the Cape property are near completion.

"Club Med believes, like everyone else, that a tourism boom in South Africa is imminent, and it is imperative that we be represented in South Africa," Miss Youngelson said.

She would not disclose the size or description of the project except to say it would be "a very diverse project, catering for singles, couples and families".

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Mr Johan Erasmus, southern African representative of La Compagnie Financière Edmond de Rothschild Banque (Paris), which is putting together financing for the project, says the cost of the new resort would range between R100-million and R250-million.

Recession catches up with Transun

By Sven Lünsche STAR 11/2/92

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The economic recession has finally hit the hotel and casino operations of Transkei Sun (Transun).

Transun's attributable income in the six months to end-December increased by a mere three percent to R27,1 million (R26,4 million), equivalent to a rise in earnings per share from 18,2c to 18,7c.

The interim dividend has been lifted by two percent to 14c (13,75c) a share.

Chairman Ken Rosevear says occupancies at the Wild Coast Sun were down 11 percentage points to 64 percent, which limited turnover growth to 10 percent at R104,9 million (R95,7 million).

Disputes

Signifcantly increased wage rates and costs relating to labour disputes resulted in a six percent drop in operating income to R31,7 million (R33,6 million).

However, higher interest income and capital allowances from the expansion programme at the Wild Coast Sun combined to improve attributable earnings marginally.

Mr Rosevear expects second-half earnings to remain at much the same level as at the interim stage.

On a more positive note, he says that the Wild Coast Sun construction programme should be completed before the December 1992 holiday, which should make for a more satisfactory growth in earnings in the longer term.

He also reports that the Transkei Supreme Court has dismissed a defamation action against Transun.

Strike at Kentucky stays unresolved

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BIO Day 3/1/92

VERA VON LIERES

THE strike at Kentucky Fried Chicken branches in the Cape and the PWV area over demands for centralised bargaining approached its third week yesterday.

The SA Commercial, Catering and Allied Workers' Union (Saccawu) said more than 500 workers were striking at about 45 outlets in Johannesburg and the Cape.

However, a Kentucky Fried Chicken spokesman said less than 30 outlets were affected. He said more than 100 workers had been on strike since December 14.

A Saccawu spokesman said the union this week balloted its members in Secunda and the eastern Transvaal and would soon ballot members in the northern Transvaal to test support for the strike.

Industrial action started after a breakdown in negotiations over centralised bargaining. The Saccawu spokesman said the key union demand was for a central forum. The union was not averse to centralised bargaining on a regional basis.

The company spokesman said the union walked out of talks after management failed to agree to the inclusion of store management staff in the bargaining unit.

Meanwhile, a more than month-long lock-out of 118 Saccawu members at the Riviera International Hotel in Vereeinging continued yesterday, hotel GM Alex Mc Math said yesterday.

Mediation had ended but a settlement still needed to be finalised.

LABOUR BRIEFS

Gloom over the Sun empire

W Mail 10/1 - 16/1/92

It's a little gloomy at the Ciskei Sun where the 700-strong workforce has been locked out after going on strike. And management has issued a directive that workers will be dismissed if they do not return to work by the end of the month. 289

According to the South African Commercial Catering and Allied Workers' Union, management has refused to re-open negotiations. They believe that their offer is "fair and market-related". The company is offering R810 a month, an increase of R110.

At the Riviera Sun, the parties are still in deadlock over disciplinary procedures. And at the Wild Coast Sun, a conciliation board meeting this week tried to solve a deadlock which arose after the company refused to back-date the wage agreement to July 1.

Only the Venda Sun has had some success at effective labour relations. A wage agreeement of R150 a month was successfully concluded and will be backdated to July 1.

Kentucky strike tension simmers

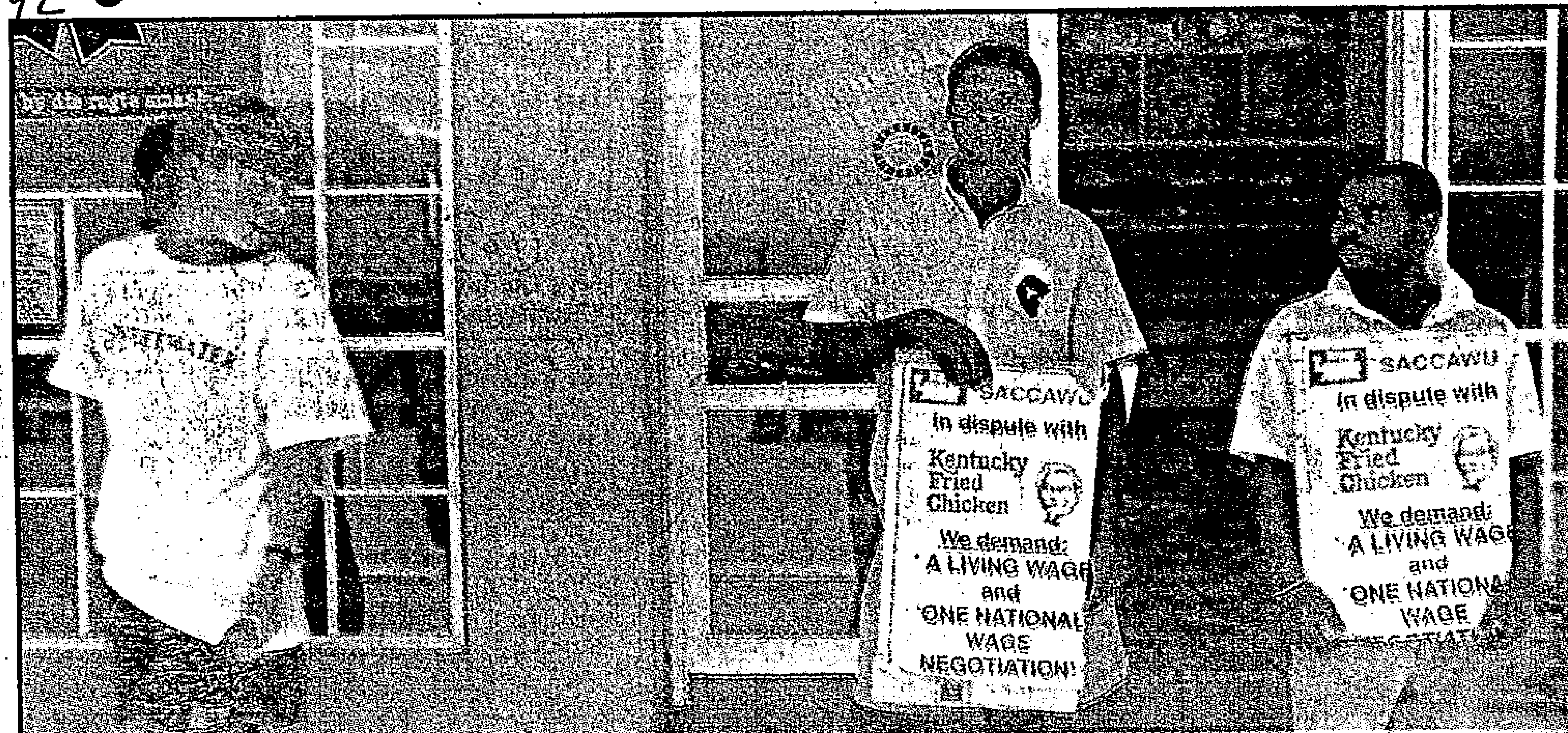
STAR 15/1/92

By Zingisa Mkhuma

The continuing strike at Kentucky Fried Chicken branches in the PWV area may seem peaceful on the surface, but tension is brewing between striking members of the South African Commercial Catering and Allied Workerss Union (Saccawu) and non-strikers.

The strike by more than 500 workers in 45 Kentucky outlets in the Cape and the PWV area has been in effect since December 14. The workers are demanding a centralised bargaining system and a minimum wage of R1 200.

This week The Star visited employees of a Kentucky outlet in Richmond near Auckland Park in Johannesburg to find out how the divided workforce was coping with the situation.



Tension brewing . . . strikers and non-strikers are at loggerheads over the Kentucky Fried Chicken strike.
Picture: Alf Kumalo

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A manager says:

A manager at the outlet, who is also a former Saccawu member, says she is still friendly with the strikers even though they have been calling her names and accused her of being a sellout for refusing to join the strike.

She says she resigned from the union after realising that it used "undemocratic" methods and did not consult with all the workers before embarking on strikes.

This, she says, is sowing division among the workers.

The manager says although she has received several death threats at home and at work, she is still on friendly terms with all her subordinates who picket outside the outlet daily.

But she has not ruled out the possibility that they are behind the threatening calls she has been receiving.

"I am still friends with the people who are picketing outside. We greet each other when I come to work in the morning," she says.

"But I believe that they gave my name and telephone number to their friends to phone and threaten me with violence. I am not going to stop working because of the threats.

"I just wish for things to be resolved between management and the union and for the workers to resume their work so that we can be a family again," she adds.

The strikers say:

The strikers, on the other hand, have accused the manager and her assistant of selling out to the employers while they are battling to get a living wage.

The workers claim the employers are using policemen and "thugs" to intimidate them.

Lucas Phaswane, who used to stay at the Kentucky premises but was locked out for joining the strike, says: "We do our job outside while they do theirs inside. At times we get angry and frustrated but there is nothing we can do. The union policy is not to intimidate or beat up people who refuse to join in a strike.

"We used to be friends with her but now she is teaching other people our jobs and we may lose our employment in future. Our children will go without food while she gets a salary every month," he says.

Thomas Khalush, a father of three who was also locked out of the premises, says the strikers are fighting for better wages and unity among Kentucky employees, while non-strikers are getting paid "good money".

"All I want is enough money to feed my family. We are now starving for a good cause and we feel that managers are better paid and are also selling us out.

"We respect the law and leave non-strikers alone, but the problem is, some people are heartbroken about our plight and may take the law into their own hands.

Asked what would happen if the union and management reached a settlement and they had to go back to their jobs, Mr Khalush said: "I don't think things would be the same again once we resume work."

Racism (289) rules in restaurants

By Thoraya Pandy

South 16/1/-22/1/92.

MOST upmarket restaurants in Cape Town employ mainly white waitressing staff, while blacks remain in the kitchens or mop up after the meal.

A survey of restaurants in the city showed that while some managers may not place a "whites only" qualification in their vacancy advertisements, blacks still battle to reach the front of.

Ms Hasina Munshi of Walmer Estate claimed she experienced "blatantly racist" attitudes from managers of restaurants when she attempted to find employment as a waitress.

She said the manager of Quaffers, a restaurant on the Waterfront, told her waitresses were expected to act as public relations officers for restaurants.

"I asked him directly if it was because I wasn't white that he did not hire me," Munshi said.

"He shrugged and walked away."

Munshi said she had reached Quaffers after looking for a job all day and being unsuccessful at several establishments.

"After chatting for a while, the manager, Mr Adam Ashley, said there were jobs available and told me to start within three days," she said.

Munshi cleaned tables for two evenings to get a feel of the restaurant - an acceptable exercise at all restuarants.

LILY WHITE: Cape Town restaurants employ mainly white waitresses while blacks are given kitchen and cleaning jobs.

On the second evening she was paid R12 and told not to come back.

"I have years of experience in waitressing and believe the only reason for not getting the job is because I'm black," she said.

"Quaffers have employed other waitresses since then and so have other restaurants I've tried. South

Munshi said the only jobs available were cleaning tables and working in the kitchen. 16/1/- 22/1/92.

"At one place they took one look at me and immediately said there were no jobs available," she said.

Ashley denied the colour of Munshi's skin was the reason for not hiring her.

"We take any kind, as long as she's the right person and can carry out the work expected," he said.

The only reason white waitresses were employed at his restaurant was "they were the only ones who applied".

"We hire anyone who can do the job and Ms Munshi was obviously not in the business long enough," he added.

Ashley said he employed people who showed professionalism and reflected the upmarket character of the restaurant.

"They were the only ones who applied" was also the response of 10 other restaurant managers who only employed white waitresses.

Some refuted the claim that they adhered to racial practices.

The manager of Rosies said: "We definitely have a multi-racial staff.

"I have three non-white waitresses and a non-white barman," said a Rosies manager who asked not to be named.

Berties Landing on the Waterfront said they employed blacks but had no jobs available at present.

A black staff member at Berties who refused to be named but said she was only clearing tables at present.

"It may sound strange, but we only have what the Nationalists call whites working here — but this is because they're the only ones who applied," said Mr Michael Tough, manager of the Hussar Grill in Rondebosch.

"The last thing I would do is make race a criterion for a waitressing job," said Tough.

He said they employed people on a tight basis, "those who have the skills and expertise".

"Discrimination in restaurants is exceptionally bad and is an issue we plan to negotiate with management," said Mr Crosby Booi, branch secretary of the South African Commercial and Catering Workers Union (Saccawu).

Booi said the union's members, who mainly work in the kitchens, were often retrenched without the option of being trained as waitresses.

"Employers simply say workers do not have the skills and cannot provide the necessary expertise required in the jobs," he said.

Managers should move away from their conservatism and begin to allow anyone, irrespective of colour, to be trained as waitresses, Booi said.

KENNISGEWING 59 VAN 1992

DEPARTEMENT VAN MANNEKRAG

WET OP ARBEIDSVERHOUDINGE, 1956

AANSOEK OM VERANDERING VAN DIE REGISTRASIEBESTEK VAN 'N VAKVERENIGING

Ek, David William James, Nywerheidsregistrateur, maak ingevolge artikel 4 (2) soos toegepas by artikel 7 (5) van die Wet op Arbeidsverhoudinge, 1956, hierby bekend dat 'n aansoek om die verandering van sy registrasiebestek ontvang is van die Hotel, Bar and Catering Trades Employees' Association. Besonderhede van die aansoek word in onderstaande tabel verstrek.

Enige geregistreerde vakvereniging wat teen die aansoek beswaar maak, word versoek om binne een maand na die datum van publikasie van hierdie kennisgewing sy beswaar skriftelik by my in te dien, p/a die Departement van Mannekrag, Mannekraggebou 123A, Schoemanstraat 215, Pretoria (posadres: Privaat Sak X117, Pretoria, 0001).

TABEL

Naam van vakvereniging: Hotel, Bar and Catering Trades Employees' Association.

Datum waarop aansoek ingedien is: 10 Desember 1991.

Belange en gebied ten opsigte waarvan aansoek gedoen word: Alle persone in diens in ondervermelde bedrywe in die landdrosdistrikte Bellville, Die Kaap, Goodwood, Simonstad, Somerset-Wes, Strand en Wynberg.

(i) Drankbedryf; en

(ii) Verversingsbedryf

Vir die doeleindes hiervan word bovermelde bedrywe soos volg omskryf:

(i) **"Drankbedryf"** beteken die bedryf wat deur werkgewers en hul werknemers, uitgesonderd werknemers wat die grootste deel van hulle tyd in of in verband met die Verversingsbedryf bestee, uitgeoefen word deur, hetsy tydelik of permanent, 'n besigheid te dryf waar die verkoop van drank onderneem word en in verband waarmee een of meer van die lisensies bedoel in artikels 20 (a) (i), (ii), (iv), (vii), (viii) en (ix) en 20 (b) (iii) en (viii) van die Drankwet, 1989 (Wet 27 van 1989), gehou word of waar besigheid onderneem word uit hoofde van toestemming verleen kragtens artikel 6 *bis* van die Lugvaartwet, 1962 (Wet 74 van 1962).

(ii) **"Verversingsbedryf"** beteken die bedryf waarin werkgewers en hul werknemers met mekaar geassosieer is uitsluitlik of hoofsaaklik met die doel om etes of verversings (hetsy vloeibaar of ander) of sowel sodanige etes as sodanige verversings te berei, te bedien of te verskaf in of vanuit enige bedryfsinrigting of gedeelte daarvan, hetsy permanent, tydelik, binnenshuis of in die ope lug, en dit omvat sodanige werksaamhede wanneer verrig in of vanuit een of meer klasse persele of gedeeltes daarvan—

(a) wat gebruik word as openbare restourante, kafees of teekamers;

NOTICE 59 OF 1992

DEPARTMENT OF MANPOWER

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LABOUR RELATIONS ACT, 1956

APPLICATION FOR VARIATION OF SCOPE OF REGISTRATION OF A TRADE UNION

I, David William James, Industrial Registrar, do hereby, in terms of section 4 (2) as applied by section 7 (5) of the Labour Relations Act, 1956, give notice that an application for the variation of its scope of registration has been received from the Hotel, Bar and Catering Trades Employees' Association. Particulars of the application are reflected in the subjoined table.

Any registered trade union which objects to the application is invited to lodge its objection in writing with me, c/o the Department of Manpower, 123A Manpower Building, 215 Schoeman Street, Pretoria (postal address: Private Bag X117, Pretoria, 0001), within one month of the date of publication of this notice.

TABLE

Name of trade union: Hotel, Bar and Catering Trades Employees' Association.

Date on which application was lodged: 10 December 1991.

Interests and area in respect of which application is made: All persons employed in the undermentioned trades in the Magisterial Districts of Bellville, Goodwood, Simon's Town, Somerset West, Strand, The Cape and Wynberg.

(i) Liquor Trade; and

(ii) Catering Trade.

For the purposes hereof the above-mentioned trades are defined as follows:

(i) **"Liquor Trade"** means the trade carried on by employers and their employees, other than employees who spend the major portion of their time in or in connection with the Catering Trade, in conducting, whether temporarily or permanently, a business where the sale of liquor is carried on and in connection with which one or more of the licences referred to in sections 20 (a) (i), (ii), (iv), (vii), (viii) and (ix) and 20 (b) (iii) and (viii) of the Liquor Act, 1989 (Act 27 of 1989), are held or where business is carried on under permission granted in terms of section 6 *bis* of the Aviation Act, 1962 (Act 74 of 1962).

(ii) **"Catering Trade"** means the trade in which employers and their employees are associated wholly or mainly for the purpose of preparing, serving or providing meals or refreshments (whether liquid or otherwise) or both such meals and refreshments in or from any establishment or part thereof, whether permanent, temporary, indoors or in the open air, and includes such activities when carried on in or from one or more classes of premises or parts thereof—

(a) which are used as public restaurants, cafes or tearooms;

(b) waar etes of nie-alkoholiese dranke bedien word vir verbruik op die perseel of verskaf word vir verbruik weg van die perseel;

(c) waar spuit- of mineraalwater in glase of ander houers verskaf word vir verbruik op die perseel;

(d) waar bovermelde werksaamhede verrig word in verband met enige vermaaklikheid of onthaal en waar sodanige werksaamhede verrig word in die gedeelte van enige teater, bioskoop of kafeebioskoop ten opsigte waarvan 'n lisensie kragtens die Drankwet, 1989, uitgereik is;

en dit omvat voorts die verskaffing van drank in enige sodanige bedryfsinrigting of op enige sodanige perseel kragtens 'n dranklisensie deur sodanige werkgewers kragtens die Drankwet, 1989, gehou, en dit omvat voorts alle bedrywighede wat met enige van voormelde werksaamhede gepaard gaan of daaruit voortspruit.

Belange en gebied ten opsigte waarvan registrasie gehou word: Gekleurde persone in diens in die Drankbedryf en die Verversingsbedryf, soos hierin omskryf, in die landdrosdistrikte hierin vermeld soos hulle op 12 Oktober 1967 saamgestel was.

Opmerking: Die hoofdoel van die aansoek is om enige verwysing na die Drankwet, 1928, deur 'n verwysing na die Drankwet, 1989, te vervang, om die verwysing na die Lisensiewet, 1962, uit die huidige omskrywing weg te laat en om die Vakvereniging se registrasiebestek uit te brei om alle persone in te sluit.

Posadres van applikant: Exchangegebou 309, St Georgestraat 28, Kaapstad, 8001.

Kantooradres van applikant: Exchangegebou 309, St Georgestraat 28, Kaapstad.

Die aandag word gevestig op onderstaande vereistes van artikels 4 en 7 van die Wet:

(a) Die mate waarin 'n beswaarmakende vakvereniging verteenwoordigend is, word ingevolge artikel 4 (4), soos toegepas by artikel 7 (5), bepaal volgens die feite soos hulle bestaan het op die datum waarop die aansoek ingedien is, en wat die lidmaatskap betref, word alleen lede wat ingevolge artikel 1 (2) van die Wet op voormelde datum volwaardige lede was, in aanmerking geneem.

(b) Die prosedure voorgeskryf by artikel 4 (2) moet gevolg word in verband met 'n beswaar wat ingedien word.

D. W. JAMES,

Nywerheidsregistrateur.

(24 Januarie 1992)

KENNISGEWING 60 VAN 1992

DEPARTEMENT VAN MANNEKRAG

WET OP ARBEIDSVERHOUDINGE, 1956

AANSOEK OM REGISTRASIE VAN 'N VAKVERENIGING

Ek, David William James, Nywerheidsregistrateur maak ingevolge artikel 4 (2) van die Wet op Arbeidsverhoudinge, 1956, hierby bekend dat 'n aansoek om die registrasie as 'n vakvereniging ontvang is van die South African Airways Pilots' Association. Besonderhede van die aansoek word in onderstaande tabel verstrek.

(b) where meals or non-alcoholic drinks are served for consumption on the premises or are provided for consumption away from the premises; (289)

(c) where aerated or mineral waters are supplied in glasses or other containers for consumption on the premises;

(d) where the above-mentioned activities are carried on in connection with any entertainment or function and where such activities are carried on in that part of any theatre, bioscope or bioscope-tearoom in respect of which a licence has been issued in terms of the Liquor Act, 1989;

and further includes the supply of liquor in any such establishment or on any such premises in terms of a liquor licence held under the Liquor Act, 1989, by such employers, and further includes all operations incidental to or consequent on any of the aforesaid activities.

Interests and area in respect of which registration is held: Coloured persons employed in the Liquor Trade and the Catering Trade as defined herein in the Magisterial Districts listed herein as they were constituted on 12 October 1967.

Note: The main purpose of the application is to substitute any reference to the Liquor Act, 1989, for any reference to the Liquor Act, 1928, to exclude the reference to the Licences Act, 1962, from the present definition, and to extend the Union's scope of registration to include all persons.

Postal address of applicant: 309 Exchange Building, 28 St George's Street, Cape Town, 8001.

Office address of applicant: 309 Exchange Building, 28 St George's Street, Cape Town.

Attention is drawn to the following requirements of sections 4 and 7 of the Act:

(a) The representativeness of any trade union which objects to the application shall in terms of section 4 (4) as applied by section 7 (5) be determined on the facts as they existed at the date on which the application was lodged and, as far as membership is concerned, only members who were in good standing in terms of section 1 (2) of the Act as at the aforesaid date shall be taken into consideration.

(b) The procedure laid down in section 4 (2) must be followed in connection with any objection lodged.

D. W. JAMES,

Industrial Registrar.

(24 January 1992)

NOTICE 60 OF 1992

DEPARTMENT OF MANPOWER

LABOUR RELATIONS ACT, 1956

APPLICATION FOR REGISTRATION OF A TRADE UNION

I, David William James, Industrial Registrar, do hereby, in terms of section 4 (2) of the Labour Relations Act, 1956, give notice that an application for registration as trade union has been received from the South African Airways Pilots' Association. Particulars of the application are reflected in the subjoined table.

ALGEMENE KENNISGEWINGS

KENNISGEWING 77 VAN 1992

DEPARTEMENT VAN MANNEKRAG

WET OP ARBEIDSVERHOUDINGE, 1956

AANSOEK OM REGISTRASIE VAN 'N VAKVERENIGING

Ek, David William James, Nywerheidsregistrateur, maak ingevolge artikel 4 (2) van die Wet op Arbeidsverhoudinge, 1956, hierby bekend dat 'n aansoek om die registrasie as 'n vakvereniging ontvang is van die United Commercial Catering and Allied Workers Union of South Africa. Besonderhede van die aansoek word in onderstaande tabel verstrek.

Enige geregistreerde vakvereniging wat teen die aansoek beswaar maak, word versoek om binne een maand na die datum van publikasie van hierdie kennisgewing sy beswaar skriftelik by my in te dien, p/a die Departement van Mannekrag, Mannekraggebou 123A, Schoemanstraat 215, Pretoria (posadres: Privaatsak X117, Pretoria, 0001).

TABEL

Naam van vakvereniging: United Commercial Catering and Allied Workers Union of South Africa.

Datum waarop aansoek ingedien is: 18 November 1991.

Belange en gebied ten opsigte waarvan aansoek gedoen word: Alle werkers werksaam in die Verversingsbedryf en die Kommersiële Distribusiebedryf in die landdrosdistrikte Durban, Eshowe, Hlabisa, Johannesburg, Lower Umfolozi en Mtunzini.

Vir die doeleindes hiervan word die bogenoemde bedrywe soos volg omskryf:

"Verversingsbedryf" beteken die bedryf waarin werkgewers en hul werknemers met mekaar geassosieer is uitsluitlik of hoofsaaklik met die doel om etes of verversings (hetsy vloeibaar of ander) of sowel sodanige etes as sodanige verversings te berei, te bedien of te verskaf in of vanuit enige bedryfsinrigting of gedeelte daarvan, hetsy permanent, tydelik, binnenshuis of in die ope lug, en dit omvat sodanige werksaamhede wanneer verrig in of vanuit een of meer klasse perseel of gedeeltes daarvan—

(a) wat as openbare restourante, kafees of teekamers gebruik word;

(b) waar etes of nie-alkoholiese dranke bedien word vir verbruik op die perseel of verskaf word vir verbruik weg van die perseel;

(c) waar belugte of mineraalwater in glase of ander houers verskaf word vir verbruik op die perseel;

(d) waar bogenoemde werksaamhede verrig word in of in verband met enige teater, bioskoop, kafeebioskoop of ander vermaaklikheid of enige onthaal,

en dit omvat voorts die verskaffing van drank in enige sodanige bedryfsinrigting of in of op enige sodanige persele kragtens 'n dranklisensie wat kragtens die Drankwet, 1989, deur sodanige werkgewers gehou word, en dit omvat voorts alle bedrywighede wat met enige van voormelde werksaamhede gepaard gaan of daaruit voortspruit.

GENERAL NOTICES

NOTICE 77 OF 1992

DEPARTMENT OF MANPOWER

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LABOUR RELATIONS ACT, 1956

APPLICATION FOR REGISTRATION OF A TRADE UNION

I, David William James, Industrial Registrar, do hereby, in terms of section 4 (2) of the Labour Relations Act, 1956, give notice that an application for registration as a trade union has been received from the United Commercial Catering and Allied Workers Union of South Africa. Particulars of the application are reflected in the subjoined table.

Any registered trade union which objects to the application is invited to lodge its objection in writing with me, c/o the Department of Manpower, 123A Manpower Building, 215 Schoeman Street, Pretoria (postal address: Private Bag X117, Pretoria, 0001), within one month of the date of publication of this notice.

TABLE

Name of trade union: United Commercial Catering and Allied Workers Union of South Africa.

Date on which application was lodged: 18 November 1991.

Interests and area in respect of which application is made: All workers engaged in the Catering Trade and Commercial Distributive Trade in the Magisterial Districts of Durban, Eshowe, Hlabisa, Johannesburg, Lower Umfolozi and Mtunzini.

For the purposes hereof the above-mentioned trades are defined as follows:

"Catering Trade" means the trade in which employers and their employees are associated wholly or mainly for the purpose of preparing, serving or providing meals or refreshments (whether liquid or otherwise) or both such meals and refreshments in or from any establishment or part thereof, whether permanent temporary, indoors or in the open air, and includes such activities when carried on in or from one or more classes of premises or parts thereof—

(a) which are used as public restaurants, cafés or tea-rooms;

(b) where meals or non-alcoholic drinks are served for consumption on the premises or are provided for consumption away from the premises;

(c) where aerated or mineral waters are supplied in glasses or other containers for consumption on the premises;

(d) where the above-mentioned activities are carried on in or in connection with any theatre bioscope, bioscope-tea-room or any other entertainment or any function,

and further includes the supply of liquor in any such establishments or in or on any such premises in terms of a liquor licence held by such employers under the Liquor Act, 1989 and further includes all operations incidental to or consequent on any of the aforesaid activities.

"Kommersiële Distribusiebedryf" beteken die bedryf waarin werkgewers en hul werknemers met mekaar geassosieer is met die doel om 'n winkel, soos hieronder omskryf, te dryf, en dit omvat alle daarmee gepaardgaande werksaamhede wat deur sodanige werkgewers en hul werknemers verrig word.

"Winkel" beteken enige perseel of enige gedeelte van 'n perseel (uitgesonderd 'n vervoermiddel wat uitsluitlik vir die verkoop van roomys, sorbet, waterys of bevrore banket gebruik word)—

(a) waarin of waarop persone toegelaat of waarheen persone uitgenooi word met die doel om, uitgesonderd per openbare veiling, die goedere wat daarin of daarop verkoop uitgestal of aangebied word, of goedere van die soort wat aldus uitgestal of aangebied word, te koop;

(b) waarin of waarop goedere in paragraaf (a) bedoel, in voorraad gehou, geberg, uitgepak of verpak word, of van waar sodanige goedere afgelewer of versend word aan persone in paragraaf (a) bedoel wat sodanige goedere aankoop;

(c) waarin of waarop goedere in vooraad gehou of geberg word en van waar groothandels- of kleinhandelsbestellings uitgevoer word vir die lewering van sodanige goedere;

(d) waarin of waarop 'n vervaardigersverteenwoordiger sy werksaamhede as sodanig verrig, en in hierdie verband beteken "vervaardigersverteenwoordiger" 'n persoon, uitgesonderd 'n werknemer van 'n vervaardiger, wat, as 'n agent of andersins namens 'n vervaardiger, goedere of monsters van goedere deur die vervaardiger vervaardig, opberg, vertoon of te koop aanhou, of op enige manier hoegenaamd bestellings vir goedere verkry of ontvang vanaf persone vir die aankoop deur hulle van sodanige goedere en sodanige bestellings uitvoer of sodanige bestellings aanstuur na die vervaardiger vir aanvaarding of andersins;

en "winkelwerksaamheid" het 'n ooreenstemmende betekenis.

Posadres van applikant: Posbus 1384, Empangeni, 3880.

Kantooradres van applikant: Uniestraat 15, Empangeni.

Die aandag word gevestig op onderstaande vereistes van artikel 4 van die Wet:

(a) Die mate waarin 'n beswaarmakende vakvereniging verteenwoordigend is, word ingevolge subartikel (4) bepaal volgens die feite soos hulle bestaan het op die datum waarop die aansoek ingedien is, en wat die lidmaatskap betref, word alleen lede wat ingevolge artikel 1 (2) van die Wet op voormelde datum volwaardige lede was, in aanmerking geneem.

(b) Die prosedure voorgeskryf by subartikel (2) moet gevolg word in verband met 'n beswaar wat ingedien word.

D. W. JAMES,

Nywerheidsregistrateur.

(31 Januarie 1991)

"Commerical Distributive Trade" means the trade in which employers and their employees are associated for the purpose of conducting the business of a shop as defined hereunder and includes all operations incidental thereto carried on by such employers and their employees. (289)

"Shop" means any premises or any part of any premises (excluding any conveyance used wholly for the sale of ice-cream, sherbet, water ice or frozen confectionery)—

(a) into or onto which persons are admitted or invited for the purpose of purchasing, other than by public auction, the goods displayed or offered therein or thereon or goods of the type so displayed or offered for sale;

(b) in or on which the goods referred to in paragraph (a) are stocked, stored, unpacked or packed, or from which such goods are delivered or dispatched to persons referred to in paragraph (a) who are purchasing such goods;

(c) in or on which goods are stocked or stored and from which wholesale or retail orders are executed for the supply of such goods; or

(d) in or on which a manufacturer's representative carries on his activities as such, and in this regard "manufacturer's representative" means any person, other than an employee of a manufacturer, who, as an agent of or otherwise on behalf of a manufacturer, stores, displays or keeps for sale, goods or samples of goods manufactured by the manufacturer, or obtains or receives, in any manner whatsoever, orders for goods from persons for the purchase by them of such goods and executes such orders or transmits such orders to the manufacturer for acceptance or otherwise;

and "shop activity" has a corresponding meaning.

Postal address of applicant: P.O. Box 1384, Empangeni, 3880.

Office address of applicant: 15 Union Street, Empangeni.

Attention is drawn to the following requirements of section 4 of the Act:

(a) The representativeness of any trade union which objects to the application shall in terms of subsection (4) be determined on the facts as they existed at the date on which the application was lodged and, as far as membership is concerned, only members who were in good standing in terms of section 1 (2) of the Act as at the aforesaid date shall be taken into consideration.

(b) The procedure laid down in subsection (2) must be followed in connection with any objection lodged.

D. W. JAMES,

Industrial Registrar.

(31 January 1992)

New Act gives pickets the Kentucky blues

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W|Mail 14/2-20/2/92

The Intimidation Act is proving a stumbling block for organised pickets in the Kentucky Fried Chicken strike, reports

FERIAL HAFFAJEE

IN THE eighth week of the Kentucky Fried Chicken strike, feathers continue to fly. Negotiators from the South African Commercial Catering and Allied Workers' Union (Saccawu) and Devco Franchise Specialists, which owns the Kentucky franchise, are attempting to resolve the conflict before the end of the month.

The conflict is also exposing the new Intimidation Act as a potential stumbling block for workers' picketing rights.

The strike, which began in mid-December in the PWV, has spread to Cape Town, the southern Cape and Durban. According to Saccawu organiser, Allan Horwitz, the Transvaal West Rand towns will join the strike by today.

Last weekend, Saccawu organiser Bethuel Mdokane and two organisers were arrested and held at the Bethal police station for the weekend when they went to conduct a strike ballot in the northern Transvaal, says Horwitz.

They were released on Monday and not charged.

Many stores have been picketed and "Kentucky is pulling out all the stops to prevent Saccawu members from picketing" says union lawyer Richard Spoor. He says franchisees are resorting to various methods to stop pickets like saying the protests:

- Contravene municipal by-laws which stipulate that you need permission to gather.
- Advertise without permission.
- Obstruct pedestrian traffic.
- Create a public disturbance.

But the most sinister defence being used to interdict picketers is the Intimidation Act, passed last year as the enlightened brother of the Internal Security Act, says Spoor.

In terms of this new Act, a person is guilty of intimidation if he does anything to make another fear for his property, safety or economic livelihood.

The clause on "economic livelihood" is a "stumbling block for labour", say Spoor.

"It has the potential to criminalise strikes, pickets and ballots and contradicts the Labour Relations Act which gives workers the right to picket.

"It is an important time to test the right to picket now that the ban on outdoor gatherings has been lifted," says Spoor, adding that "the right to picket is vital to unions especially for Saccawu at outlets where their negotiating power is limited."

Devco representative Vince Farrell says his organisation met Saccawu this week. The union put forward a proposal aimed at ending the strike and the various stores would come back to him by the end of next week with their responses.

Farrell said some store owners had to resort to action where striking workers had threatened other employees or customers and that business had been adversely affected in black areas.

However, no stores had been closed and replacement labour was keeping the stores running.

Horwitz confirmed that the union had held a meeting to thrash out the issue of a single bargaining unit for the various stores as well as clarify the position of store managers.

Store owners believe managers should not join unions but the union say store managers — who earn an average of R700 a month — do not have the powers, rights and status of bona fide

LABOUR

Colonel's secret recipe for workers

W/Mail 20/3-26/3/92

By FERIAL HAFFAJEE

MANAGEMENT and labour finally found a recipe to end the three-month strike at 14 Kentucky Fried Chicken outlets in the PWV region this week.

In terms of the agreement, the union has secured a regional wage bargaining unit within the framework of a single national recognition agreement.

Dismissed casual and permanent workers will be reinstated and the disciplinary charges laid against workers for misconduct during the strike will be dropped.

The union believes the approval of a centralised bargaining mechanism in the PWV will have a ripple effect in persuading other Kentucky franchisees to also join.

And the union hopes that the agreement will pave the way for other franchise outlets to accept centralised bargaining structures.

However, strike action accelerated at branches in the Western Cape with a demonstration on the Parade attended by Chris Hani on Tuesday. The strike will also continue at those branches in the PWV which are not party to the agreement.

Strike ballots are being conducted in the Northern Transvaal, Free State and Natal.

South African Commercial, Catering and Allied Workers' Union organiser Allan Horwitz said the union was expecting opposition to applications for picket action from Conservative Party-controlled town councils in the Northern Transvaal, but said it would oppose any such moves in the supreme court.

The strike has also won new members for the Congress of South African Trade Unions affiliate: workers at five Kentucky branches in the Transvaal deserted the National Council of Trade Unions-affiliated Hotel Liquor Catering and Allied Workers' Union to join Saccawu.

Wage negotiations in the new bargaining unit begin next month.

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Lede met 12 maande of meer diens	
Aantal werkdae afwesig	Voordeel
17	3 dae @ 70% van werklike loon plus 14 dae @ 50% van werklike loon.
18	2 dae @ 70% van werklike loon plus 16 dae @ 50% van werklike loon.
19	1 dag @ 70% van werklike loon plus 18 dae @ 50% van werklike loon.
20	20 dae @ 50% van werklike loon.

Vir elke daaropvolgende dag afwesig moet die lid 50% van sy werklike loon ontvang.".

Soos gemagtig, vir en namens die partye by die Raad, op die 5de dag van November 1991 te Durban onderteken.

B. CARR,
Voorsitter van die Raad.

T. EVANS,
Ondervoorsitter van die Raad.

L. A. DICKASON,
Sekretaris van die Raad.

No. R. 582 **21 Februarie 1992**

WET OP MANNEKRAGOPLEIDING, 1981

INTREKKING VAN DIE OPLEIDINGSKEMA VIR DIE AKKOMMODASIE-, SPYSENIERINGS- EN DRANK-KLEINHANDELBEDRYF EN INSTELLING VAN OPLEIDINGSKEMA VIR DIE GASVRYHEIDSBEDRYWE

Ek, Pieter Gabriel Marais, Minister van Mannekrag, handelende kragtens artikel 39 (5) en 39 (6) van die Wet op Mannekragopleiding, 1981—

(a) trek hierby Goewermentskennisgewing No. R. 2439 van 28 November 1986, soos gewysig deur Goewermentskennisgewing No. R. 2410 van 10 November 1989, met ingang van die datum van publikasie hiervan, in: Met dien verstande dat die bepalings van klousules 8 (1) en 8 (2) van die Skema gepubliseer by die genoemde Goewermentskennisgewing van krag sal bly tot en met 29 Februarie 1992; en

(b) verklaar hierby dat die bepalings van die Skema wat in die Bylae hiervan verskyn, met ingang van die datum van publikasie hiervan vir 'n tydperk wat op 28 Februarie 1997 eindig, bindend is vir alle werkgewers en werknemers wat betrokke is by of in diens is in die Gasvryheidsbedrywe in die Republiek van Suid-Afrika.

P. G. MARAIS,
Minister van Mannekrag.

BYLAE

Die Opleidingskema vir die Gasvryheidsbedrywe, hierna genoem "die Bedryf", is ingestel deur—

die Federated Hotel, Liquor and Catering Association of South Africa (FEDHASA);

die Catering, Restaurant and Tearoom Association (CATRA);

die Verenigde Klubs van Suid-Afrika (ACSA); en

die South African Chef's Association (SACA),

Members with 12 months' and more service	
Number of days off work	Benefit
17	3 days @ 70% of actual wage plus 14 days @ 50% of actual wage.
18	2 days @ 70% of actual wage plus 16 days @ 50% of actual wage.
19	1 day @ 70% of actual wage plus 18 days @ 50% of actual wage.
20	20 days @ 50% of actual wage.

For each subsequent day off, the member shall receive 50% of his actual wage.".

Signed at Durban, as authorised, for and on behalf of the parties, this 5th day of November 1991.

B. CARR,
Chairman of Council.

T. EVANS,
Vice-Chairman of Council.

L. A. DICKASON,
Secretary of Council.

No. R. 582 **21 February 1992**

MANPOWER TRAINING ACT, 1981

WITHDRAWAL OF THE TRAINING SCHEME FOR THE RETAIL INDUSTRIES OF ACCOMMODATION, CATERING AND LIQUOR AND ESTABLISHMENT OF TRAINING SCHEME FOR THE HOSPITALITY INDUSTRIES

I, Pieter Gabriel Marais, Minister of Manpower, acting in terms of sections 39 (5) and 39 (6) of the Manpower Training Act, 1981—

(a) hereby withdraw Government Notice No. R. 2439 of 28 November 1986, as amended by Government Notice, No. R. 2410 of 10 November 1989, with effect from the date of publication hereof: Provided that the provisions of clauses 8 (1) and 8 (2) of the Scheme published by the said Government Notice shall remain in force up to and including 29 February 1992; and

(b) hereby declare that the provisions of the Scheme which appears in the Schedule hereto, shall be binding with effect from the date of publication hereof for a period ending on 28 February 1997, upon all employers and employees who are engaged or employed in the Hospitality Industries in the Republic of South Africa.

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P. G. MARAIS,
Minister of Manpower.

SCHEDULE

The Training Scheme for the Hospitality Industries, hereinafter referred to as "the Industry", has been established by—

the Federated Hotel, Liquor and Catering Association of South Africa (FEDHASA);

the Catering, Restaurant and Tearoom Association (CATRA);

the Associated Clubs of South Africa (ACSA); and

the South African Chefs' Association (SACA),

(b) "die Drankkleinhandelsektor", wat beteken, sonder om die gewone betekenis van die uitdrukking enigsins te beperk, daardie sektor waarin werkgewers en werknemers met mekaar geassosieer is met die doel om enige instelling te bedryf ten opsigte waarvan die hou van enigeen of meer van die volgende lisensies en/of magtigings ingevolge die Drankwet, 1989 (Wet No. 60 van 1989), of enige wysiging daarvan, vereis word vir die verkoop van drank daarin, daarop of daarvandaan:

(i) Hoteldranklisensie;

(ii) restourantdranklisensie;

(iii) wynhandelshuisdranklisensie;

(iv) teaterdranklisensie;

(v) klubdranklisensie;

(vi) sorghumbierdranklisensie;

(vii) geleentheidsdranklisensie;

(viii) sportterreindranklisensie; en

(ix) spesiale dranklisensie; en

(c) "die Spysenieringsektor' wat beteken, sonder om die gewone betekenis van die uitdrukking enigsins te beperk, daardie sektor waarin werkgewers en werknemers met mekaar geassosieer is vir die doel van die voorsiening van maaltye en/of toebroodjies en/of verversings in enige vorm, vir verkoop of as deel van 'n diens wat teen vergoeding gelewer word, in of vanaf enige instelling, hetsy permanent, tydelik, binnenshuis, in die ope lug of in die lug, en sluit in sodanige aktiwiteite wat verrig word op persele—

(i) wat gebruik word as openbare restourante, vis-en-skyfiewinkels, kafees, teekamers, padkafees, wegneemete- en snelvoedselwinkels, of enige besigheid soortgelyk aan enige van bogenoemde;

(ii) waarvandaan etes en/of nie-alkoholiese verversings voorsien word;

(iii) waarin belugte of mineraalwater in glase of ander houers voorsien word vir gebruik daarbinne;

(iv) waarin of waarvandaan die aktiwiteite waarna hierbo verwys word, verrig word ten opsigte van, of in verband met enige teater, bioskoop, biokafee of ander vermaaklikheid of funksie;

(v) waarin of waarvandaan maaltye, porsies van maaltye, verversings of eetgoed en drinkgoed normaalweg voorberei, verskaf, geproduseer en/of voorsien word vir verkoop of gebruik deur industriële en spesialefunksiespyseniers, hospitale, klinieke, skole, universiteite, myne, opleidingsentrums of enige besigheid, onderneming, vereniging, liggaam, organisasie, instelling of instansie;

(vi) ten opsigte waarvan daar 'n wyn-en-bier-lisensie of 'n restourant-dranklisensie kragtens die Drankwet, 1989 gehou word;

"Raad" die Gasvryheidsbedrywe Opleidingsraad;

"Registrateur" die Registrateur van Mannekrag-opleiding aangestel ingevolge die bepalings van die Wet;

(iv) time-sharing complexes;

(v) caravan parks and camping sites; 289

(vi) pensions, budget hotels and garni hotels;

(vii) holiday cottages and flats;

(viii) the National Parks Board and provincial parks boards; and

(ix) holiday farms and resorts;

(b) "the Catering Sector", which means, without in any way limiting the ordinary meaning of the expression, that sector in which employers and employees are associated for the purpose of providing means and/or sandwiches and/or refreshments in any form, for sale or as part of a service rendered for remuneration, in or from any establishment, whether permanent, temporary, indoor, in the open air, or in the air, and includes such activities carried on on premises—

(i) used as public restaurants, fish and chips shops, cafés, tearooms, road-houses, take-away food or fast food shops, or any business similar to any of the above-mentioned;

(ii) from which meals and/or non-alcoholic refreshments are supplied;

(iii) in which aerated or mineral waters in glasses or other containers are supplied for consumption therein;

(iv) in or from which the activities hereinbefore referred to are carried on in respect of or in connection with any theatre, bioscope, biotearoom or other entertainment or function;

(v) on or from which meals, portions of meals, refreshments or eatables and drinkables generally are prepared, supplied, produced and/or provided for sale or use by industrial and special function caterers, hospitals, clinics, schools, universities, mines, training centres, or any business, undertaking, association, body, organisation, institution or enterprise;

(vi) in respect of which a wine and malt liquor licence or a restaurant liquor licence is held in terms of the Liquor Act, 1989 (Act No. 60 of 1989); and

(c) "the Retailing Sector of Liquor", which means, without in any way limiting the ordinary meaning of the expression, that sector in which employers and employees are associated for the purpose of conducting any establishment in respect of which any one or more of the following licences and/or authorities under the Liquor Act, 1989, or any amendment thereto, is/are required to be held for the sale of liquor therein, thereon or therefrom:

(i) Hotel liquor licence;

(ii) restaurant liquor licence;

(iii) wine house liquor licence;

(iv) theatre liquor licence;

(v) club liquor licence;

(vi) sorghum beer liquor licence;

(vii) occasional liquor licence;

(viii) sports ground liquor licence; and

(ix) special liquor licence:

"salarisse en lone" die bruto besoldiging soos omskryf in die Inkomstebelastingwet, 1962 (Wet No. 58 van 1962), salarisse en lone, dekkende die bruto betalings vir werk verrig, met inbegrip van normale lone, bonusse, betalings vir oortyd, siekte en vakansie en betalings in natura en die waarde van byvoordele, maar uitgesonderd toelaes vir reis en verblyf of direkteursfooie;

"Skema" die Gasvryheidsbedrywe Opleidingskema;

"werkgewer" enige werkgewer, soos in die Wet omskryf, wat enige werknemer in die Bedryf in diens het of aan hom werk verskaf;

"werknemer" enige werknemer soos in die Wet omskryf, wat in diens is by of werk vir 'n werkgewer in die Bedryf; en

"Wet" die Wet op Mannekragopleiding, 1981 (Wet No. 56 van 1981).

4. Doelstellings van die Skema

Die doelstellings van die Skema is—

4.1 om die nodige fondse te voorsien ten einde te verseker dat voldoende opgeleide werknemers vir die Bedryf beskikbaar is en om die opleiding en ontwikkeling van werknemers op alle vlakke in die Bedryf finansieel te ondersteun sodat alle bydraende werkgewers gelyke geleenthede vir die opleiding en ontwikkeling van hul werknemers sal hê; en

4.2 om die administrasie en doelstellings van die Raad, soos in sy konstitusie uiteengesit, te finansier.

5. Gasvryheidsbedrywe Opleidings- en -ontwikkelingsfonds

5.1 Die Opleidingsfonds van die Hotel- en Spysenieringsbedryf wat ingestel is by Goewermentskennisgewing No. R. 2439 van 28 November 1986 word hierby voortgesit en sal van die datum van publikasie van hierdie Skema bekend staan as die Gasvryheidsbedrywe Opleidings- en -ontwikkelingsfonds.

5.2 Die Fonds word geadministreer deur die Gasvryheidsbedrywe Opleidingsraad.

5.3 In die Fonds word inbetaal—

5.3.1 opleidingsheffings kragtens klousule 7 van hierdie Skema;

5.3.2 rente en/of kapitaalaanwas wat voortvloei uit die belegging van enige gelde van die Fonds; en

5.3.3 enige ander gelde waarop die Fonds geregtig mag word.

5.4 Die gelde van die Fonds moet aangewend word vir die bereiking van die doelstellings van die Skema soos uiteengesit in klousule 4.

6. Instelling en funksies van die Gasvryheidsbedrywe Opleidingsraad

6.1 Die Gasvryheidsbedrywe Opleidingsraad is deur werkgewersorganisasies en werknemersverenigings in die Gasvryheidsbedrywe ingestel in ooreenstemming met 'n konstitusie wat deur die Registrateur goedgekeur is.

6.2 Die Raad het die bevoegdheid om met alle sake binne die bestek van die doelstellings van hierdie Skema te handel.

"Registrar" means the Registrar of Manpower Training appointed in terms of the provisions of the Act;

"salaries and wages" means the gross remuneration as defined in the Income Tax Act, 1962 (Act No. 58 of 1962), which, for the purposes of this Scheme, includes salaries and wages covering the gross payments for work done in the Industry including normal pay, bonuses, payments for overtime, sickness and holiday payments and payment in kind, and the value of fringe benefits, but excludes allowances for travel and subsistence and director's fees; and

"Scheme" means the Hospitality Industries Training Scheme.

4. Objects of the Scheme

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The objects of the Scheme are—

4.1 to provide the necessary funds to ensure an adequate supply of trained employees for the Industry and to financially assist with the training and development of employees at all levels in the Industry in order that all contributing employers will have equal opportunities for the training and development of their employees; and

4.2 to finance the administration of the Board and the objects of the Board as set out in its constitution.

5. Hospitality Industries Training and Development Fund

5.1 The Hotel and Catering Industry Training Fund established by Government Notice No. R. 2439 of 28 November 1986 is hereby continued and shall from the date of publication of this Scheme be known as the Hospitality Industries Training and Development Fund.

5.2 The Fund shall be administered by the Hospitality Industries Training Board.

5.3 Into the Fund shall be paid—

5.3.1 training levies in terms of clause 7 of this Scheme;

5.3.2 interest and/or capital appreciation from the investment of any moneys of the Fund; and

5.3.3 any other moneys to which the Fund may become entitled.

5.4 The moneys of the Fund shall be used for the attainment of the objects of the Scheme as set out in clause 4.

6. Establishment and functions of the Hospitality Industries Training Board

6.1 The Hospitality Industries Training Board has been established by employers' and employees' organisations in the Hospitality Industries in accordance with a constitution approved by the Registrar.

6.2 The Board shall have the authority to deal with all matters falling within the scope of the objects of this Scheme.

7. Opgawes en bydraes tot die Fonds

7.1 Die opgawes en bydraes voorgeskryf by klousules 8 (1) en 8 (2) van die opleidingskema gepubliseer by Goewermentskennisgewing No. R. 2459 van 28 November 1986, soos gewysig deur Goewermentskennisgewing No. R. 2410 van 10 November 1989, bly van krag tot en met 29 Februarie 1992.

7.2 Met ingang van 1 Maart 1992—

7.2.1 moet elke werkgewer in die bedryf teen die 15de dag van die eerste maand wat volg op die einde van elke driemaandelikse tydperk hierin hierna bedoel, aan die Fonds by die Raad se Hoofkantoor, Posbus 1329, Rivonia, 2128, of enige sodanige ander adres wat van tyd tot tyd aan hom bekendgemaak mag word, 'n opgawe indien, in die vorm deur die Raad van tyd tot tyd bepaal, van die bruto salarisse en lone wat hy gedurende die drie kalendermaande wat 1 Maart, 1 Junie, 1 September en 1 Desember van elke jaar voorafgaan, aan alle werknemers in sy diens in die Bedryf betaal het en die werkgewer moet sodanige opgawes jaarliks deur 'n openbare ouditeur laat sertifiseer en 'n afskrif van die ouditeur se sertifikaat saam met sy eersvolgende opgawe aan die Raad stuur; en

7.2.2 moet elke werkgewer in die Bedryf, teen die 15de dag van die eerste maand wat volg op die einde van elke driemaandelikse tydperk bedoel in paragraaf 7.2.1, per tjek 'n heffing betaal teen 'n koers van 1% (een persent) van die bruto salarisse en lone wat die werkgewer betaal het aan alle werknemers wat by hom in die Bedryf in diens was gedurende die tydperk gedek deur die betrokke opgawe in paragraaf 7.2.1 gespesifiseer, welke betaling die genoemde opgawe moet vergesel.

7.3 Waar enige sodanige werknemers gedeeltelik in die Gasvryheidsbedrywe en gedeeltelik in ander nywerhede in diens is, moet die gedeelte van die bruto salarisse en lone van sodanige werknemers waarop die heffing toegepas moet word, proporsioneel dieselfde wees as die verhouding van die werk in die Gasvryheidsbedrywe verrig tot die totale werk deur die werknemer verrig.

7.4 Koste verbonde aan die insameling van laat betalings en bydraes en enige verlies aan rente as gevolg van sodanige laat betalings, sal op die betrokke werkgewer gehef en deur hom betaal word: Met dien verstande dat die Raad afstand mag doen van die betaling van sodanige koste en rente of sodanige deel daarvan as wat die Raad mag goedvind.

8. Inligting

8.1 Die Raad moet elke werkgewer in die Bedryf voorsien van besonderhede rakende die Skema in sodanige vorm as wat die Raad van tyd tot tyd bepaal: Met dien verstande dat sodanige besonderhede minstens die konstitusies van die Skema en die Raad, die heffings wat aan die Fonds betaal moet word of die bydraes wat aan die Fonds gemaak moet word, die finansiële aansporings wat ingevolge die Skema verskaf word en die prosedure wat vir die instelling van eise teen die Fonds gevolg moet word, moet insluit, sowel as sodanige ander besonderhede as wat nodig geag word.

7. Returns and contributions to the Fund

7.1 The returns and contributions prescribed by clauses 8 (1) and 8 (2) of the training scheme published by Government Notice No. R. 2459 of 28 November 1986, as amended by Government Notice No. R. 2410 of 10 November 1989, shall remain in force up to and including 29 February 1992.

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7.2 With effect from 1 March 1992—

7.2.1 every employer in the Industry shall submit to the Fund at the Board's Head Office, P.O. Box 1329, Rivonia, 2128, or any such other address as he may be notified of from time to time, by the 15th day of the first month following the end of each three-monthly period referred to hereinafter, a return in the form determined by the Board from time to time, showing the gross salaries and wages paid by him to all employees employed by him in the Industry in the three calendar months preceding 1 March, 1 June, 1 September and 1 December of each year and the employer shall have such returns certified annualy by a public auditor and shall forward a copy of the auditor's certificate with his next return to the Board; and

7.2.2 every employer in the Industry shall pay by cheque to the Fund, by the 15th day of the first month following the end of each three-monthly period referred to in paragraph 7.2.1, a levy at the rate of 1% (one per cent) of the gross salaries and wages paid by him to all employees employed by him in the Industry in the period covered by the relevant return specified in paragraph 7.2.1, which payment must accompany the said return.

7.3 Where any such employees are employed partly in the Hospitality Industries and partly in other industries, the proportion of the gross salaries and wages of such employees to which the levy is to be applied shall be the same proportion as the ratio of work done in the Hospitality Industries to the total work done by the employee.

7.4 Costs incurred in collecting late payments and contributions and any loss of interest as a result of such late payments, shall be charged to and paid by the employer concerned: Provided that the Board may waive the payment of such costs and interest or such part thereof as the Board may deem fit.

8. Information

8.1 The Board shall furnish every employer in the Industry with details concerning the Scheme in such form as the Board may from time to time determine: Provided that such details shall include at least the constitutions of the Scheme and the Board, the contributions to be made or the levies payable to the Fund, the financial incentives provided under the Scheme and the procedure to be followed for the lodging of claims against the Fund, as well as such other details as may be deemed necessary.

8.2 Die Raad moet binne drie maande na afloop van elke finansiële jaar aan die Registrateur en aan elke party tot die Raad 'n afskrif van die verslag van sy aktiwiteite gedurende daardie finansiële jaar tesame met afskrifte van sy finansiële state verskaf en moet die verslag en state beskikbaar hou vir insae deur enige bydraende werkgewer.

9. Finansies

9.1 Alle gelde wat ontvang word, moet binne sewe dae na ontvangs daarvan inbetaal word in 'n gespesifiseerde bankrekening geopen in die naam van die Fonds.

9.2 Betalings namens die Fonds geskied by wyse van tjek of debietorder, geteken deur sodanige amptenare van die Raad as wat van tyd tot tyd skriftelik deur die Raad daartoe gemagtig word.

9.3 Gelde wat nie vir onmiddelike gebruik benodig word nie, moet volgens die oordeel van die Raad belê word in—

(a) binnelandse geregistreerde effekte binne die bedoeling van artikel 21 van die Skatkiswet, 1975 (Wet No. 66 van 1975);

(b) Nasionale Spaarsertifikate;

(c) Posspaarbank spaarrekening of -sertifikate;

(d) spaarrekeninge, permanente aandele of vaste deposito's in bouverenigings of banke,

of op sodanige ander wyse as wat die Registrateur mag goedkeur.

9.4 Die Raad moet 'n openbare ouditeur aanstel, wat uit die Fonds betaal moet word, om die state van die Fonds jaarliks te ouditeer vir die tydperk wat op 28 Februarie eindig.

10. Ontbinding van die Fonds

10.1 In die geval van die beëindiging van die Skema om watter rede ook al, moet die Raad in ooreenstemming met sy konstitusie oor die bates van die Fonds beskik.

10.2 Alle administratiewe koste en skulde van die Skema word dan teen die Raad in berekening gebring.

10.3 Die Registrateur moet vroegtydig van die beëindiging van die Skema in kennis gestel word.

11. Agente

11.1 Die Raad kan agente aanstel om uitvoering aan die doelstellings van die Skema te gee, op sodanige voorwaardes en onderhewig aan sodanige beheer as wat die Raad goeddink.

11.2. 'n Agent het die mag om enige instelling te betree en die werkgewer of enige werknemer te ondervra ten einde vas te stel of die bepalings van klousule 7 nagekom word al dan nie.

11.3 Die aanstelling van 'n agent kan te eniger tyd en om watter rede ook al deur die Raad ingetrek word.

12. Vrywaring

Die lede van die Raad is nie aanspreeklik vir enige verlies vir die Fonds wat voorspruit uit enige onbehoorlike belegging gemaak te goeder trou, of deur enige optrede in hul *bona fide*-administrasie van die Fonds,

8.2 The Board shall, within three months after the close of each financial year, furnish the Registrar and every party to the Board with a copy of the report on its activities during that financial year, together with copies of the audited financial statements and shall keep the report and statements open for inspection by any contributing employer.

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9. Finance

9.1 All moneys received shall within seven days of receipt thereof, be deposited into a specified banking account opened in the name of the Fund.

9.2 Payments on behalf of the Fund shall be by cheque or debit order signed by such officials of the Board as may from time to time be authorised thereto in writing by the Board.

9.3 Funds which are not required for immediate use shall at the discrection of the Board be invested in—

(a) internal registered stock within the meaning of section 21 of the Exchequer Act, 1975 (Act No. 66 of 1975);

(b) National Savings Certificates;

(c) Post Office savings accounts or certificates;

(d) savings accounts, permanent shares or fixed deposits in building societies or banks,

or in such other manner as may be approved by the Registrar.

9.4 The Board shall appoint a public auditor, who shall be paid out of the Fund, to audit the accounts of the Fund annually for the period ending 28 February.

10. Dissolution of the Fund

10.1 Upon the termination of the Scheme, for any reason whatsoever, the assets of the Fund shall be disposed of by the Board in accordance with its constitution.

10.2 All administrative charges and liabilities of the Scheme shall then be charged against the Board.

10.3 The Registrar must be notified of the termination of the Scheme in good time.

11. Agents

11.1 The Board may appoint agents to give effect to the objects of the Scheme under such conditions and subject to such control as the Board deems fit.

11.2. An agent shall be empowered to enter any establishment and to question the employer or any employee for the purpose of ascertaining whether or not the provisions of clause 7 are being observed.

11.3 The appointment of an agent may be revoked by the Board at any time and for any reason.

12. Indemnity

The members of the Board shall not be liable for any loss to the Fund arising from any improper investment made in good faith, or by any act in their *bona fide* administration of the Fund, or by the negligence or of deur die nalatigheid of bedrog van enige persoon in diens van die Raad, of as gevolg van 'n handeling of versuim deur lede, of as gevolg van enige ander saak, uitgesluit individuele opsetlike of bedrieglike optrede van die kant van sodanige lede wat aanspreeklik gehou kan word.

Enige sodanige lid moet deur die Fonds vergoed word vir enige aanspreeklikheid opgeloop deur hom in die verdediging van enige vervolging, hetsy siviel of strafregtelik, voorspruitend uit 'n bewering waarby kwade trou betrokke is en waarin regspraak in sy guns gelewer word of waarvan hy vrygespreek word.

13. Vrystellings

Enige aansoek om vrystelling van enige bepaling van hierdie Skema, wat kragtens artikel 47 van die Wet deur die Minister verleen kan word, moet by die Gasvryheidsbedrywe Opleidingsraad, Posbus 1329, Rivonia, 2128, ingedien word, wat sodanige aansoek tesame met enige aanbeveling deur die Raad moet deurstuur na die Direkteur-generaal: Mannekrag.

No. R. 584 **21 Februarie 1992**

WET OP ARBEIDSVERHOUDINGE, 1956

BOUNYWERHEID, WESTELIKE PROVINSIE: WYSIGING VAN DIE OOREENKOMS VIR DIE KAAPSE SKIEREILAND

Ek, Pieter Gabriel Marais, Minister van Mannekrag, verklaar hierby—

(a) kragtens artikel 48 (1) (a) van die Wet op Arbeidsverhoudinge, 1956, dat die bepalings van die Ooreenkoms (hierna die Wysigingsooreenkoms genoem) 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 eerste Maandag na die datum van publikasie van hierdie kennisgewing en vir die tydperk wat op 31 Maart 1993 eindig, bindend is vir die werkgewersorganisasies en die vakverenigings wat die wysigings ooreenkoms aangegaan het en vir die werkgewers en werknemers wat lede van genoemde organisasies of verenigings is; en

(b) kragtens artikel 48 (1) (b) van genoemde Wet, dat die bepalings van die Wysigingsooreenkoms, uitgesonderd dié vervat in klousules 1 (1) (a), 12 en 13 met ingang van die eerste Maandag na die datum van publikasie van hierdie kennisgewing en vir die tydperk wat op 31 Maart 1993 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 Wysigingsooreenkoms gespesifiseer.

P. G. MARAIS,

Minister van Mannekrag.

fraud of any person employed by the Board, or by reason of any act or omission by members or by reason of any other matter save individual wilful or fraudulent wrongdoing on the part of such members as can be held responsible. (289)

Any such member shall be reimbursed by the Fund for any liability incurred by him in defending any proceedings, whether civil or criminal, arising out of an allegation involving bad faith in which judgment is given in his favour or in which he is acquited.

13. Exemptions

Any application for exemption from any provision of this Scheme, which may be granted by the Minister in terms of section 47 of the Act, shall be submitted to the Hospitality Industries Training Board, P.O. Box 1329, Rivonia, 2128, which shall forward such application together with any recommendation by the Board to the Director-General: Manpower.

No. R. 584 **21 February 1992**

LABOUR RELATIONS ACT, 1956

BUILDING INDUSTRY, WESTERN PROVINCE: AMENDMENT OF THE AGREEMENT FOR THE CAPE PENINSULA

I, Peter Gabriel Marais, 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 (hereinafter referred to as the Amending Agreement) which appears in the Schedule hereto and which relates to the Undertaking, Industry, Trade of Occupation referred to in the heading to this notice, shall be binding, with effect from the first Monday after the date of publication of this notice and for the period ending 31 March 1993, upon the employers' organisations and the trade unions which entered into the said Amending Agreement and upon the employers and employees who are members of the said organisations or unions; and

(b) in terms of section 48 (1) (b) of the said Act, declare that the provisions of the Amending Agreement, excluding those contained in clauses 1 (1) (a), 12 and 13, shall be binding, with effect from the first Monday after the date of publication of this notice and for the period ending 31 March 1993, 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 Amending Agreement.

P. G. MARAIS,

Minister of Manpower.

Checkers 'weighing up liquidation'

Retail sector workers face wage squeeze

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B/Day 27/2/92

DIRK HARTFORD

WORKERS in the recession-hit retail and service sector are likely to receive their smallest wage increases in 10 years, most of them below 10%.

OK Bazaars and Southern Sun are offering zero increases in April, their normal implementation date.

And at Checkers the crisis is so great that it is preparing to inform the SA Commercial, Catering and Allied Workers' Union (Saccawu) it is prepared to liquidate the company if the union places obstacles in the way of recovery.

In the retail sector, only market leader Pick 'n Pay appears likely to come anywhere near meeting inflation in its wage increases. Even Wooltru, normally among the top retail payers, is unlikely to want to settle for double-digit percentage increases following its recent poor results.

An OK Bazaars spokesman said OK was prepared to consider a 5% increase in November if the economic situation had improved. A Southern Sun spokesman said it would guarantee a 6% increase in October — halfway through the wage year.

Saccawu, the biggest union in the retail trade with 90 000 members, is demanding a R285 across-the-board increase at OK with a minimum monthly wage of R1 113. The union also wants a guaranteed 13th cheque and the agreement to cover all workers.

OK Bazaars, which has been experiencing negative sales growth, is prepared, according to Saccawu, to open its books to the union and its auditor.

Saccawu said OK's zero offer was "a slap in the face". OK has proposed going straight to mediation on the issue and Saccawu is organising meetings to discuss its response.

In addition, Saccawu is in dispute with OK over the closure of about 20 OK stores and the retrenchment of workers.

More than 10 000 of OK's 22 000-strong workforce are Saccawu members.

The Southern Sun chain, which is currently involved in a major restructuring programme, has already retrenched several hundred workers.

Saccawu has about 5 000 members out of 9 000 Southern Sun employees.

At Checkers, where wage negotiations have not yet begun, the company is facing another challenge from Saccawu tomorrow in the industrial court over the closure of two more stores.

According to a Checkers source, about 130 stores are currently making a loss. The company has decided to open its books to Saccawu in an attempt to convince the union of the seriousness of the crisis — "a potential national disaster".

At stake are about 12 000 jobs out of Checkers' 18 000, according to the source. If Checkers had to go the liquidation route — and it appears the only alternative is for the union to agree to drastic restructuring and flexibility arrangements — the plan would be to buy back the 20 or so profitable stores which employ about 6 000 people. The ripple effect of Checkers closing shop would affect all its suppliers, and could

To Page 2

Wage squeeze

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From Page 1

create conditions for further job losses.

Underlying the whole crisis in the retail sector, according to employers, is the issue of productivity. Most employers want to trade jobs for agreements to keep wages down, control industrial action and enter into multiskilling, productivity and flexibility arrangements to try to keep companies profitable. B/Day 27/2/92

Only Pick 'n Pay, at this stage, seems prepared to try to buy such an agreement with reasonable wage increases. A Saccawu source said Pick 'n Pay was prepared to meet the union's demand for a R230 across-the-board increase in exchange for allowing the company the right to transfer workers between stores according to trading demands.

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Saccawu said it was taking the issue very seriously, but it appeared that "once again management wants workers to pay for their own profitability crisis".

Union warning on wage freeze

B/Day 4/3/92 (289)

WILSON ZWANE

THE SA Commercial, Catering and Allied Workers' Union (Saccawu) will oppose wage freezes or further restructuring and retrenchments in the hard-hit retail and service sector.

Saccawu assistant general secretary Kaiser Thibedi yesterday told a news conference the union would meet employers within two weeks to discuss the formation of a central bargaining forum to deal with all matters affecting workers.

"The wage freeze and planned restructuring and retrenchments in the sector are not acceptable as they represent the most comprehensive attack on workers since the emergence of independent trade unions in the late 1970s," he said.

Thibedi said employers could not resolve the crisis individually.

The union would have no choice but to mobilize its workers if employers did not agree to the formation of the forum and a moratorium on retrenchments, he said.

Workers in the sector are expected to receive their smallest wage increases in 10 years this year, most of them below 10%.

OK Bazaars and Southern Sun are reportedly to offer zero increases next month.

An OK spokesman has said the company was prepared to consider a 6% increase in November if the economic situation improved.

A Southern Sun spokesman said it would guarantee a 6% increase in October.

Saccawu — the biggest union in the retail trade with 90 000 members — is demanding a R285 across-the-board increase at OK with a minimum monthly wage of R1 113.

It also wants a guaranteed 13th cheque.

Checkers intends telling the union it is prepared to liquidate the company if Saccawu impedes its recovery.

It is making a loss at 130 stores, with 12 000 out of 18 000 jobs at stake.

Productivity underpins the crisis. Most employers want to trade job security for agreements to keep wages down, control industrial action and enter productivity and flexibility arrangements to keep companies profitable.

Thibedi said the union would negotiate such agreements with employers at the central bargaining forum.

Strike is now in its 87th day

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Sowetan 5/3/92

Sowetan Correspondent

THE marathon strike by Kentucky Fried Chicken employees entered its 87th day yesterday and political organisations are starting to actively support the strikers.

The South African Communist Party, the African National Congress and the Pan Africanist Congress have pledged support for the strikers.

At the onset of the strike the South African Commercial, Catering and Allied Workers Union had demanded centralised bargaining and the inclusion in the bargaining unit of store managerial staff.

Franchise holders said they were not prepared to meet Saccawu to resolve the dispute because their demand was unacceptable and as long as the union continued to table that demand they would not consider meeting them.

However, the union has dropped the demand for managerial staff to be included in the bargaining unit and made a further compromise by proposing regional instead of national bargaining.

But regional bargaining would have to fall under one national recognition agreement, Saccawu spokesman Allan Horwitz said.

The union was in the process of arranging a meeting with franchise holders early next week.

One holder who runs six outlets had lost R500 000 during the strike apart from legal fees in failed attempts to try to interdict strikers, said Horwitz. Because of the massive losses, he met the union and agreed to their demands, thus ending the strike at his six stores.

Franchise holders have also been involving the police in trying to break demonstrations and five workers were arrested outside a store in Hillbrow this week, he said.

DIY hotel opens near Jan Smuts

STAR 16/3/92

Staff Reporter (288)

A new range of affordable hotels offering a credit card check-in service after 10 pm has recently started operating in South Africa and Britain.

The hotels belong to an international chain, Formule 1, and there are similar hotels in France, Germany and Belgium.

The local 77-room hotel, situated near Jan Smuts Airport, was built at a cost of R6 million and more such hotels are expected to be built countrywide.

The managing director of the local hotel, Roland du Trevou, said the hotel in Britain, like the local one, was manned by a receptionist between 5 pm and 10 pm and between 6 am and 10 am. A resident manager was on call at all hours.

Late arrivals at Formule 1 hotels are greeted by an ATM-like system which instructs them to slot their credit cards into the machine. They are then told to key in information such as the number of rooms they require and duration of their stay.

The machine also offers visitors Continental breakfast, served by hotel staff.

The credit card is debited and the machine then gives out an access code which allows guests into the lobby and hotel rooms.

Natal plans R6,2-m tourism boost

STAR 11/3/92 (288)

DURBAN — The Tourism Association of Natal/KwaZulu (TANK) plans to implement a R6,2 million marketing scheme in an attempt to attract 100 000 extra visitors to the province within the next year, generating R75 million and creating 10 000 extra jobs.

TANK chairman Ted Hirst said yesterday he hoped regional services councils, joint services boards and the private sector would fund the campaign. TANK would be going all-out to increase Natal's share in the tourism market in South Africa, he said. — Own Correspondent.

Tourism up 28 pc

STAR 12/3/92

South Africa's recent gains in tourism could evaporate instantly if a "no" vote wins in Tuesday's referendum, Piet van Hoven, chairman of Satour, said in Pretoria yesterday. 288

Although he did not elaborate, he warned of a major decline in tourism if airlines withdrew their new services.

Statistics released by Satour yesterday show a 28,4 percent increase in tourist arrivals in November compared with the same period the previous year.

(Report by Eric Janssen, 216 Vermeulen Street, Pretoria.)

BDay 12/3/92

Fedhasa takes stand

THE Federated Hotel, Liquor and Catering Association (Fedhasa) came out in favour of a "yes" vote in Tuesday's referendum. 288

Fedhasa, in a statement, said the hospitality industry was about to make a breakthrough in international tourism to SA.

A "no" vote would have a negative effect on the industry.

Holiday Inn triggers hotel price war

STIMES (B455) 15/3/92

288

By CIARAN RYAN

A HOTEL price war has kicked off in Bloemfontein and will spread nationwide in a few months.

City Lodge Bloemfontein has dropped its tariff for a single night from R108 to R88 in response to the opening of the first Holiday Inn Garden Court.

The Garden Court — the revamped Landdrost Hotel — is charging R119 instead of the previous R250 a night.

The price cuts were introduced in spite of the loss of 110 rooms when the Bloemfontein Sun closed last year.

Southern Sun launched the Garden Court in February as a limited service hotel in a head-on challenge to City Lodge.

Southern Sun has been hit by low occupancies and high overheads. It reported losses for several years until its return to profitability in 1990 — largely thanks to dividends from Sun International — when it was delisted by parent SA Breweries.

Concept

Southern Sun hopes to fill more beds by moving into limited service hotels.

City Lodge operates at an average 80% occupancy compared with a national average of 57% and a world 64%.

City Lodge introduced the concept of limited service hotels to SA six years ago. It offers luxury rooms and breakfast, but dispenses with full restaurant and room service and conference rooms to pare overheads.

The saving in costs is passed on in tariff that is 25% to 30% lower than in conventional hotels.

Southern Sun is converting Durban's Malibu Hotel into a Garden Court at a cost of R8-million.

The Newlands Sun in Cape Town, Elizabeth Sun in Port Elizabeth, Kimberley Sun and three Holiday Inns in Harrismith, Ermelo and Newcastle will also be converted.

The two-star Garden Court hotels, like City Lodge, are pitched at businessmen.

Southern Sun is also a 50% shareholder in Formule 1, a one-star hotel chain offering rooms for R74 a night. The first 80-room Formule 1 opened near Jan Smuts Airport last year and a second is being built in Sandton.

Bottom

Ron Stringfellow, managing director of Southern Sun and Holiday Inn, says the market can bear up to 50 Formule 1 hotels, which would add 4 000 rooms to the group's total of 9 500.

Mr Stringfellow says: "The Garden Court concept will improve our bottom line by reducing overheads and increasing occupancies.

"We have restructured the group into five strong and clearly identifiable brands: the four- and five-star Southern Sun hotels, the three- and four-star Southern Sun Resorts, the three-star Holiday Inns, the two-star Holiday Inn Garden Courts and Formule 1."

Mr Stringfellow says several properties have been sold. The restructuring will enable the group to offer a full range of accommodation.

"There are signs that international tourism is picking up and this will benefit our three-star and higher hotels. We will concentrate on the domestic market through our limited service hotels."

City Lodge comprises eight hotels and 1 140 rooms. It launched the first Town Lodge in Belville. It offers slightly smaller rooms for R84 a night — 30% cheaper than City Lodge.

A second Town Lodge will be built opposite the Jan Smuts City Lodge. An additional City Lodge will be in Morningside, Johannesburg.

The group plans to add 295 rooms to its list at a cost of R37-million this year.

Garden Court rooms will cost between R120 and R140 a night.

City Lodge managing director Hans Enderle says his group will be able to withstand any price war with Garden Court.

"We are not worried about competition. It is for the benefit of the consumer. Experience in the US shows that limited service hotels make up 25% of rooms on offer."

Mr Enderle says his group will have 2 000 rooms by 1994 out of a total 40 000 in SA.

Hotels predict slump in Easter bookings

288

STAR 23/3/92

Own Correspondent

DURBAN — Hotels are not expecting a bumper Easter turnout for the first major holiday season of 1992.

Alan Gooderson, chairman of Fedhasa of Durban and Natal, said he expected hotel bookings to be down compared with last year.

"The situation might improve as people make last-minute arrangements, but there is still a lot of accommodation available."

Robert Mauvis of the Durban Restaurants' Guild said he was expecting an improvement on last year's business in the hospitality trade.

"I am optimistic that the restaurant trade will do better this Easter. The 'yes' vote in the referendum has created a better mood among people," said Mr Mauvis.

He said the drop in the bond rate would make money available for people to spend during Easter. "There was a lot of tension over the last three weeks because of the referendum, but that is now behind us and I expect business to pick up quickly," he said.

Mr Mauvis was optimistic not only for Easter, but for the whole year and into 1993.

Lost City on target for December

287
(288)
STAR 25/3/92
(KOD)

It's a holiday bonanza on the way for Sun International, with two of its major entertainment enterprises at a total cost of R825 million coming on stream in December.

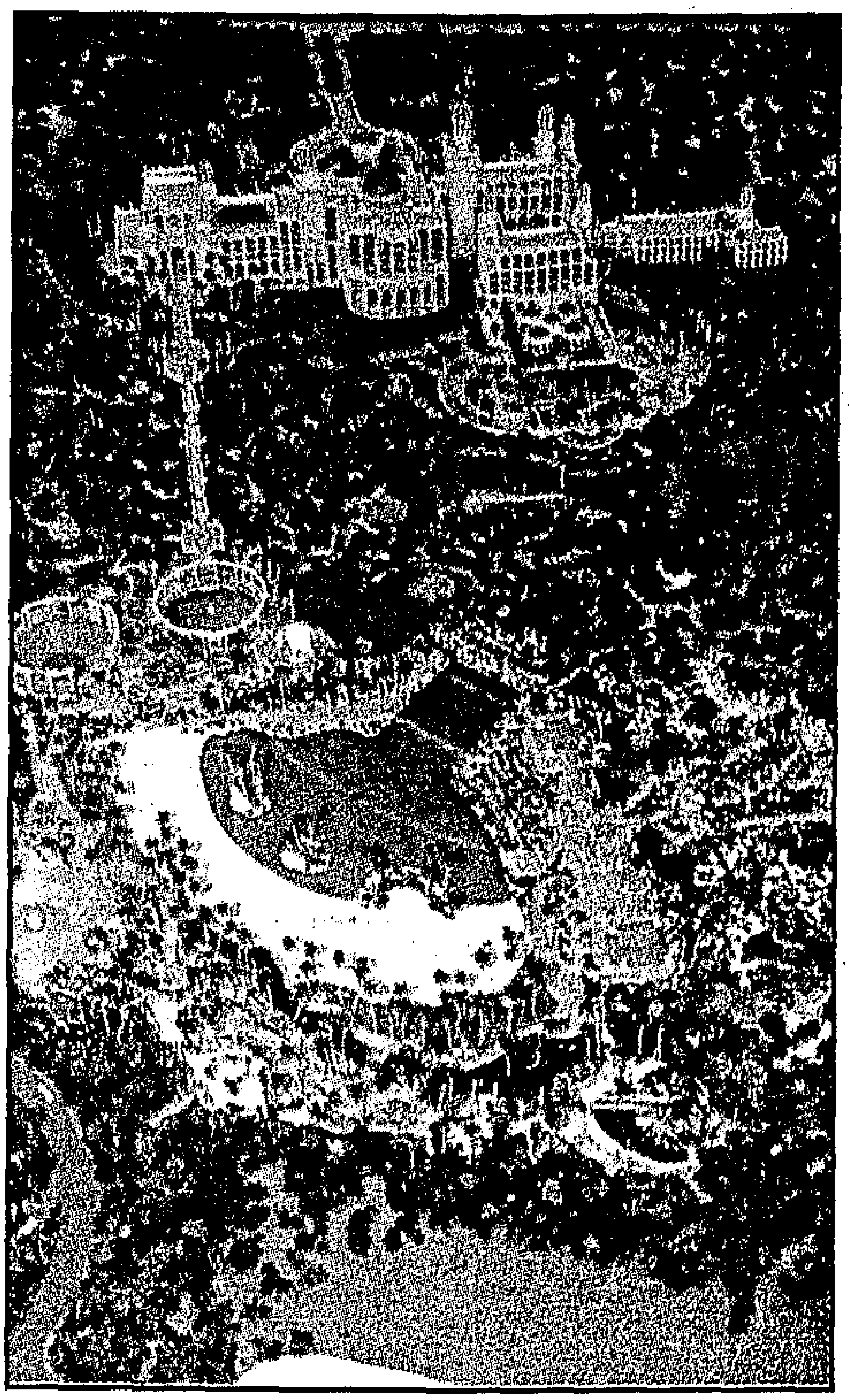
The big one in Sun King Sol Kerzner's book is his African extravaganza Lost City adjoining Sun City which, from the end of this year, is expected to draw millions of tourists and swell spending power in Bophuthatswana by billions annually.

With the pace of reform hotting up on the back of the big "YES" vote for President de Klerk, the local tourism industry expects an invasion of visitors to the southern Africa region and international observers believe Lost City will be a drawcard.

The completion of the R75 million upgrading of Sun International's other entertainment showpiece on the Wild Coast has been advanced.

The new Tahitian-theme centre will now open in December to meet demand from what the group expects will be "greatly increased numbers of visitors".

The Wild Coast already attracts a million visitors a year.



An aerial view of The Palace — centrepiece of Sun International's Lost City extravaganza.

NEWS

SA's new image set to boost tourism

STAR 26/3/92

Political Staff (288)

CAPE TOWN — South Africa can expect an extra R500 million tourist bonanza from overseas visitors this year.

That is the word from South African Tourism Board chief director, tourism promotion, Dr Ernie Heath.

The tourism industry is cashing in on the acceptable new face of South Africa in the world.

In 1986 the number of tourists coming to South Africa was just 645 000.

With the changed climate, in 1990 there were 1 029 093 arrivals who brought in R2 474 million.

Applying the internationally accepted multiplier effect, this generated R9 896 million income in South Africa.

In the same year, 616 016 South African tourists spent R2 757 million overseas.

Money spent by tourists on transport, accommodation, food, drink, entertainment and shopping created job opportunities directly or indirectly for 370 000 employees.

Globally, one of every 16 people is employed in a tourism-related job.

Dr Heath said that if the political situation held and tourists' personal safety could be guaranteed, this could lead to an increase of between 15 and 20 percent of tourists from overseas, non-African countries — up to 100 000 people.

This would give rise to 10 000 jobs and bring in an extra R500 million.

In South Africa at present, tourism generates 1 percent of the gross national product, whereas the world average is 5,5 percent.

Last year, Satour calculated that newspapers' centimetres of positive reports on South Africa were worth R35 million in advertising. In 1990 the figure was R10 million.

South Africa is one of the least expensive holiday destinations in the world, according to Satour.

With a growth of around 10 percent in the number of visitors, by the year 2000 South Africa could be hosting 3 million tourists a year.

SA expects big boost from tourism

(288) Sowetan 27/3/92

Sowetan Correspondent

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Levy hike 'good news for tourism industry'

(288)

THE South African Tourism Board and the hotel industry yesterday welcomed a 2% increase in their room levy from April 1.

The money will bring in an estimated R17 million a year, and will be used for promoting tourism.

Guests will pay R4,20 more at a five-star hotel, R3 at a four-star, R2,60 at a three-star, R1,80 at a two-star, and R1 at a one-star hotel.

The executive director of Satour, Mr Spencer Thomas, said the R17m annual boost would be a great help in marketing South Africa as a major tourist attraction abroad, and would have very little financial impact on hotel guests. CT 28/3/92

It's work for whites only at pumps

S|Times 29|3|92

286 287

By DAWN BARKHUIZEN

PIETERSBURG Conservative Party chairman Koos Kemp is doing a roaring trade in the town with a petrol station staffed only by white attendants.

Mr Kemp, who opened the garage a week ago, decided to employ only whites for "moral reasons". He believes his black and white customers get better service as a result.

The 12 petrol attendants, aged between 17 and 47, earn the same as their black counterparts — R750 a month with a possible R300 bonus incentive, said Mr Kemp.

"I decided that I would help the white community — there are plenty of jobless whites in this town. Some of these men have not had jobs for three years. One of them has a matric and still cannot find a job. Two or three of the other chaps are from special schools," he said.

Mr Kemp, a former lecturer of languages at Unisa, said 30 more white men had put their names on a waiting list for jobs.

Said 24-year-old petrol attendent Willem Petzer: "We have fun here. It was wonderful to find a job. I'd travel miles to find a job."

Motorist Preddy Ramphele, filling up, said he used the petrol station regularly because the service was good.

"The colour of the person who serves me is irrelevant, as long as I get good service," he said.

FILL HER UP . . . Piet Waggel and Willem Petzer attend to motorist Preddy Ramphele Pictures: COBUS BODENSTEIN

Liquor rises panned

288

S/Times (B455)

29/3/92

Business Times Reporter

SOUTH Africa's largest independent liquor retailer has sharply criticised the Budget increases in the price of liquor.

Picardi Liquors managing director Jacques Kempen says the price hikes favour the more expensive brands and will hit consumers of the cheaper products, especially those who are buying down because of the recession.

Mr Kempen says the way the increases were expressed by Finance Minister Barend du Plessis misled the public and gave the impression that the increases were not substantial.

Replaced

But when interpreted on the shop floor in a retail business the changed tax structure had made some of the more expensive products cheaper while the cheaper brands had increased dramatically.

Mr Du Plessis announced in his Budget that the 2,5% ad valorem duty imposed earlier on beers, spirits and wine to make up for the reduced VAT rate would fall away.

It would be replaced by increases of 4,8c on a litre of beer, 37,7c a bottle of spirits, 10c a bottle of fortified and sparkling wine, 6c a bottle of other wine and 2c a litre of soft drinks and mineral water.

Mr Kempen says that, while the ad valorem duty was a percentage increase determined on the value of the product, the new increases amounted to R9,06 a case of all spirits. This was higher than the R4,44 outlined by Mr Du Plessis.

AIRPORT, TRANSPORT SYSTEM CAN'T TAKE INFLUX, TRAVEL EXPERTS SAY

'Chaos' if city gets flood of tourists

S/Times (CM) 29/3/92

288

By FRED ROFFEY

A BIG influx of tourists could cause chaos at Cape Town's ill-equipped D F Malan Airport, while a tourist boom would probably disrupt the airport and the city's public transport system, travel experts warn.

They say adequate measures would have to be taken before British airline tycoon Mr Richard Branson's scheme for cut-price flights five times a week from London gets underway in October, subject to official approval.

It is estimated that 49 percent of all foreign tourists to South Africa include Cape Town on their intinerary and Captour has launched an international marketing campaign to try to increase this to 60 percent by 1993, says Captour Executive Director Mr Gordon Oliver. Captour is also trying to increase its 20 percent share of the domestic market to 30 percent.

With BA already offering direct flights from Cape Town to London, it seems likely that Virgin would want to route some of its scheduled flights out of the city.

At present most international flights are routed out of Jan Smuts, meaning it can cost up to R800 extra for a Cape Town traveller to fly to Johannesburg to catch a connecting overseas flight.

Mr Branson's airline has been credited with forcing other airlines to cut their prices after he entered the UK-US market.

Airline sources believe the entry of Virgin into the SA-UK market, one of the most lucrative international routes due to the British Airways and SAA monopoly, will force air fares down and further encourage foreign tourists. Cut-price holiday charter flights should increase with Cape Town certain to capture a large slice of this business.

But travel experts have serious doubts as to whether the city could cope with increased tourism.

Transport planner Mr Paul Mann, who spent more than a year drawing up a 16-part transport study for the Cape Town City Council, has already warned of major problems in the city's taxi, bus and rail infrastructure, plus a rapid increase in road congestion, leading to fears that the public transport system could collapse under the pressure.

During a visit to Cape Town this week, top international travel consultant Mr Dries de Vaal said D F Malan Airport was ill-equipped to deal with the volumes of people SA had to attract if it wanted a successful tourist industry.

Friendly

"South African airports are terrible places for international tourists.

"Jan Smuts is roughly 10 yers behind other international airports, so strategic planning for the tourist industry must start now and be given top priority."

He said SA had about one million visitors a year, of which 500 000 were genuine tourists, compared with 18 million to the UK, 34 million to France and 43 million to Spain.

The 500 000 genuine tourists in SA could be increased to about 2,5 million in five to 10 years if a coherent tourism development strategy was implemented now "from the top".

This would create as many as 200 000 permanent jobs plus a large temporary seasonal workforce, he said.

"The country has everything — the climate, landscape and coastline and friendly and hospitable people."

President De Klerk's reforms and the Yes referendum result meant Southern Africa would be "fully restored to its rightful place in the international leisure industry", he said.

Mr De Vaal was in Cape Town to commemorate the opening of the local office of Greene Belfield-Smith (GBS), the world's largest tourism and leisure consultancy, which has an international network of 530 offices in 105 countries with 65 000 partners and staff.

It will operate in Africa as the specialist tourism and leisure division of Deloitte Pim Goldby Management Consultants.

Tourists to SA 'could rise to 2,5 million'

(288)

ARG 30/3/92

Staff Reporter

THE international tourist industry is showing tremendous interest in South Africa and the number of tourists could rise from 500 000 to 2,5-million soon, says a leading tourism and leisure industry consultant.

Mr Dries de Waal, senior partner in the Greene Belfield-Smith, Europe's largest tourism, hotel and specialist leisure consultancy, was speaking at a breakfast in the city.

The consultancy has opened offices in Cape Town, Durban and Johannesburg, and its presence in South Africa was launched by tourism minister Mr Org Marais.

Mr De Waal said the tourism industry would result in significant job creation and should improve South Africa's foreign currency earnings substantially.

The number of tourists visiting South Africa could rise "exponentially" if political reform remained positive.

Transun results 'reflect recession'

BDay 11/2/92 (288)

MARCIA KLEIN

TRANSKEI Sun International (Transun), the first Kersaf company to report for the interim period to end-December, has shown a sluggish 3% earnings growth.

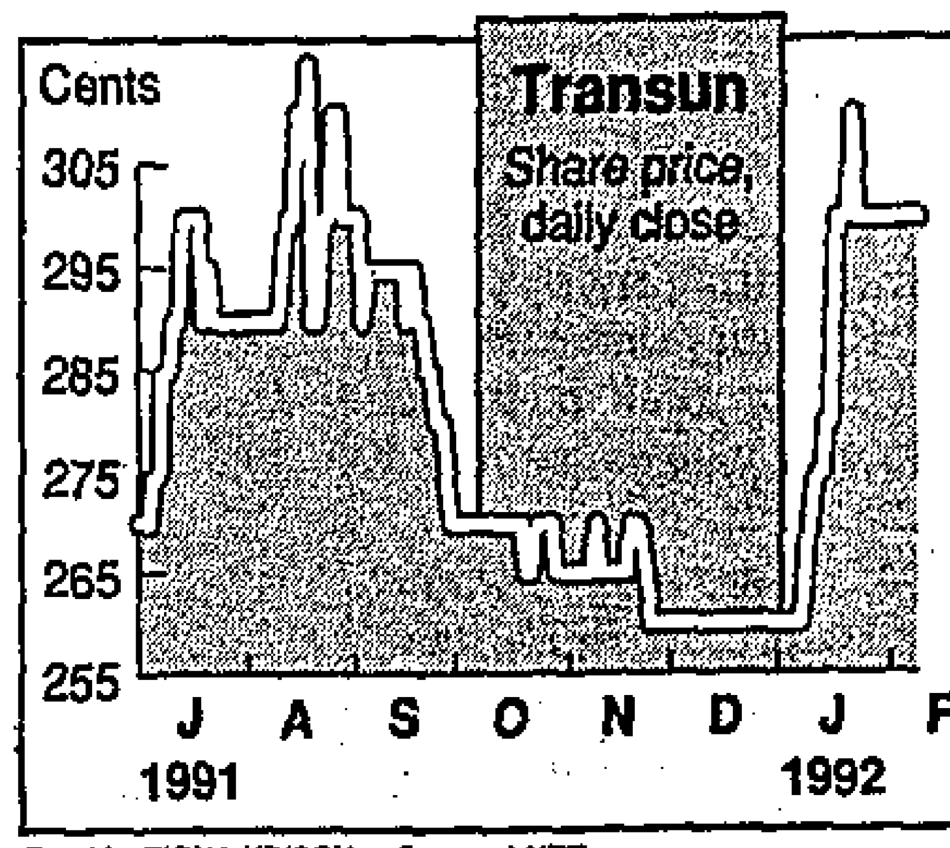
Chairman Ken Rosevear said the results, in which attributable earnings grew by 3% to R27,1m (R26,4m) or from 18,2c to 18,7c a share, reflected the deepening recession in southern Africa. He had said at the June 1991 year-end that this year's results would be at best moderate.

Group turnover grew by 10% to R104,9m (R95,7m) during the six month period. Rosevear said occupancies at the Wild Coast Sun averaged 64%, which was 11% below last year but higher than rates in the hotel industry in general.

Revenues were affected by economic conditions as well as "the disruptive effect of building activities at the Wild Coast Sun". Transun was involved in a R75m capital expenditure programme which would be completed before December.

The enhanced facilities were expected to result in an increase of more than 100 000 day visitors. People who visited the resort averaged 1-million people a year. Rosevear said the resort had been unable to cope at peak times.

Low revenue growth, a 30% increase in the wage rate and costs arising from labour disputes — which have since been resolved — saw operating profit decline by 6% to R31,7m (R33,6m).



Graphic: FIONA KRISCH Source: I-NET

After a 35% increase in interest received to R4,3m (R3,2m) and a reduction in taxation to R8,9m (R10,4m) because of allowances on its expansion programme, attributable earnings were up 3%.

An interim dividend of 14c a share was declared, 2% higher than the 13,75c a share declared in December 1990.

Rosevear said action instituted against the company for alleged defamation — the results of which had been pending for some time — was dismissed with costs by the Transkei Supreme Court.

He expected earnings in the second half to be in line with those of the first. But the medium term prospects were good following the completion of the enlarged Wild Coast Sun facilities and an improved South Coast road, which would improve access to the resort.

Captour refutes charge

288

Municipal Reporter

CAPTOUR chief executive officer Mr Gordon Oliver has attempted to calm concern that the tourism body promotes Cape Town but neglects the rest of the Western Cape.

In a letter read out at a Western Cape Regional Services Council meeting by chairman Mr Pietie Loubser, Mr Oliver said some people seemed to have the impression that Captour "is only interested in Cape Town".

However, this was incorrect, Mr Oliver said.

Captour had published brochures about the Whale Route in Hermanus and was preparing publications about fynbos, the winelands, the Four Passes Route, and shipwreck and lighthouse routes.

Bellville city councillor Mr Danie Uys said he was glad to hear Captour was committed to serving the whole region.

Bellville had financed a Captour office in the city, and paid its fair share towards funding the organisation.

Parow town councillor Mr Attie Adriaanse said the letter represented "some fast rescue work" by Captour chairman and fellow RSC member Mr Louis Kreiner.

Mr Adriaanse said that "behind the nice letter" it was likely that Captour would serve "just Cape Town and no more."

Sun still 288 shines on Sunbop STAR 14/2/92

By Sven Lünsche

Sol Kerzner has the golden touch when it comes to producing strong earnings growth, even in tough economic times.

His Sun International Bophuthatswana (Sunbop) reports a 25 percent growth in operating profit in the six months to December, despite a R1,1 billion expansion programme.

Turnover rose 24 percent to R483,4 million (R388,6 million), while operating earnings rose from R112,3 million to R140,5 million.

Interest received fell from R17 million to R1 million because the expansion at Sun City and Babalegi are being financed largely from internal sources, limiting the rise at the attributable level to 19 percent at R106,1 million (R89,2 million).

The increase was further diluted at the earnings-per-share level following an increase in the number of shares in issue.

Earnings per share rose from 82,3c to 96,4c, while the interim dividend has been lifted 16 percent from 55c to 64c.

Sunbop says the group recorded an average occupancy of 78 percent for the six months, which was in line with last year's level, but substantially higher than the 64 percent recorded at the Wild Coast Sun.

Davis Borkum Hare analyst Pierre Greyvensteyn estimates that the expenditure programme at the Carousel and Sun City's Lost City project will be about R100 million higher than originally thought.

He estimates the final costs will rise from R650 million to about R770 million for Lost City and from R325 million to R350 million for the Carousel.

Long-term borrowings at the end of December were up from R50 million to R208,1 million, while the percentage of interest-bearing debt to total equity rose from 10 to 28 percent.

FM 14/2/92

(288)

DURBAN REDEVELOPMENT

Making a point

Durban's less-than-happy holiday season has resulted in calls for an acceleration of new capital development projects. The city suffered the double indignity of reduced hotel occupancy — though it was still the highest in the country — and incidents of unseemly behaviour on overcrowded beaches on peak days.

FM 14/2/92

Now the Metropolitan Chamber of Commerce says the city must take stock and develop the best strategies for attracting more money-spinning tourists.

It stresses that the beach troubles should be seen in perspective: overcrowding occurs on two public holidays a year and some Sundays. Nevertheless, property owners and the city council should look at ways of dealing with problems.

On the broader issue of bringing more money into the city through tourism, it says projects like the Point redevelopment and the Victoria Embankment scheme should be pushed — possibly along with the development of hotels and restaurants on the Bluff. The Bluff, it argues, has magnificent panoramic views of the city and harbour — particularly at night.

Word from the council is that the Point and Victoria Embankment projects are proceeding according to plan but there is unlikely to be any large-scale development of the Bluff — partly because it could disturb the area's ecological balance and technical considerations, particularly subsidence, would make costs prohibitive.

Management committee chairman Peter Mansfield says: "We hope to see the first physical development taking place on the Point before the end of the year, though it is a project which will span many years."

A great deal depends on how Transnet — with the council a co-sponsor of the multibillion-rand scheme — sees the development being structured. A steering committee, comprising private-sector developers and members of Transnet and the council, last year drew up a draft structure plan for the Point. That is in abeyance pending Transnet's recommendations on the establishment of an independent development agency to manage it — recommendations are due this month.

Once those details are known the steering committee will meet to see whether Transnet's proposals are acceptable.

The Victoria Embankment project, first mooted 90 years ago (through the Hartley Barry Report of 1902), could take a little longer. Increasing interest in the area culminated last year in a R450m proposal by Portnet to dredge and reclaim about 20 ha in the bay. It suggested the creation of three islands linked to the mainland by bridges. The islands would accommodate an hotel, conference centre, yacht marinas, recreation areas, swimming pools, a fairground, aquarium, parks and restaurants, waterfront residential areas, office park and marine-related industry.

It was also suggested that Victoria Embankment Road, a major CBD bypass, could be upgraded. The project came under fire from the Natal branch of the SA Institute of Architects. Mansfield says the council would also have opposed the scheme because traffic studies show the road infrastructure would have been unable to cope with that level of development.

"However, I understand that Portnet-Transnet (Transnet is the land owner) have accepted this and are now looking at a considerably scaled-down version of the scheme on an area known as Festival Island. I expect the city council to support this approach."

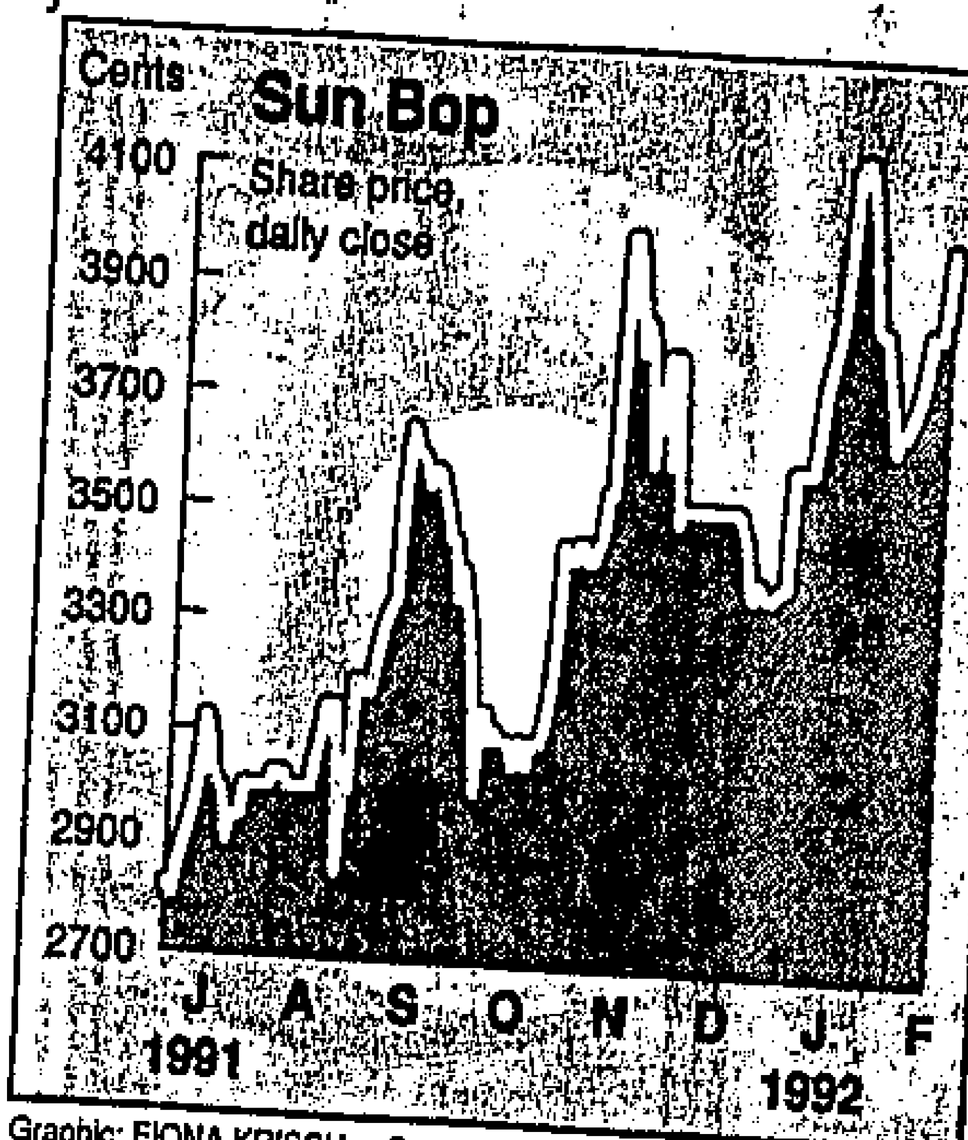
If Portnet had proceeded with its proposals it might have locked horns with environmental lobbies, over filling in large areas of the bay, but never reached that stage. ■

SunBop bonus for Kersaf

(288)

MARCIA KLEIN

SUN International Bophuthatswana's buoyant 19% rise in attributable earnings to R106,1m (R89,2m) in the six months to end-December is set to boost the results of holding company Kersaf, which reports next week.



Graphic: FIONA KRISCH Source: I-NET

BDay 14/2/92

A sharp decline in interest received and a reduction in taxation levelled out to produce these results, which chairman Sol Kerzner said were excellent against a backdrop of deteriorating economic and trading conditions.

Market anticipation saw the share move by 100c yesterday to close at R40, within range of its recent peak of R41,50.

Kerzner said that average occupancies across the group's resorts were 78%. This was in line with the previous year, but substantially higher than competing hotel chains. Turnover grew by 24% to R483,4m (R388,6m) over the six months, and operating profit was 25% up at R140,5m (R112,3m).

☐ To Page 2

SunBop

BDay 14/2/92

(288)

☐ From Page 1

A sharp drop in interest received to R1,0m from R17,0m resulted from internal funding of the R1,1bn Carousel Entertainment World and Lost City projects.

A lower effective tax rate — due to tax allowances on capital expenditure — saw SunBop pay tax of R35,4m compared with R39,7m in the previous period. Earnings increased 17% to 96,4c (82,3c) a share on more shares in issue.

SunBop has announced it will proceed with a R178m rights offer and an offer to issue new ordinary shares in lieu of the interim cash dividend of 64c (55c) a share.

Kerzner said the Carousel, which opened on November 6, had been trading well, and the combined performance of the Morula Sun and the Carousel "had certainly been up to expectations". Results from both these operations indicated that SunBop had judged the market accurately, he said.

The commissioning of the Carousel placed it with Sun City and Morula as the three major contributors to group profits.

Capex on the Carousel and Lost City projects had increased from R1bn to R1,1bn, but Kerzner said he did not foresee any significant increase on this budget.

The Lost City, together with Sun City, would be an important drawcard for international tourists, Kerzner said, but he also expected that a reasonable proportion of business would be domestic.

Kerzner said the group had gone through a huge expansion programme, and it would not make sense to think of expansion right now. But he said he was optimistic that the group would see a need to continue its expansion programme once all the resorts were open.

"The company has a strong balance sheet and is in a position to move forward," he said.

Kerzner would not be drawn on growth in casino revenues, which he said would be distorted because of the opening of the Carousel. He said accommodation, beverages and gaming had all contributed well.

Satour says tourists are on the increase

ARG 15/2/92

Weekend Argus Correspondent

288

PRETORIA. — Tourists are increasing.

The South African Tourist Bureau (Satour) says the number of foreign arrivals from January to September 1991, compared to the same period in 1990, shows a growth of 25,7 percent.

Last September shows the highest growth recorded for one month — 26,5 percent.

But though the overall number has increased, Satour says tourist growth from countries excluding Africa has shown negative results mainly "as a result of the ethnic fighting in South Africa and the aftermath of the Gulf war".

Neighbouring countries, however, reflect a visitors arrival increase of 49,4 percent.

In real terms, 924 909 foreign visitors arrived in South Africa during the period under review.

Political reforms boost tourism, immigration

Political Correspondent

TOURISM and immigration to South Africa have rocketed since the introduction of major political reforms two years ago. (288) CT 15/2/92

The number of foreign tourists visiting South Africa since President F W de Klerk's watershed speech in February 1990 has jumped by 57%, the Minister of Home Affairs, Mr Gene Louw, announced yesterday.

The 731 559 tourists visiting South Africa between January and October 1989 climbed to 823 285 for the same period in 1990 and to 1 154 135 last year.

Mr Louw said he believed the reforms had also boosted immigration to South Africa.

In 1987 there was a net loss of 3 669 people from South Africa. A net gain of 8 383 was recorded in 1990 and last year there was a gain of 7 427 people.

In 1990, 53 418 illegal foreigners were repatriated to their countries of origin, while the number last year was 61 345.

Millions to be spent on hotels

S Times (Buss) 16/2/92

By IAN ROBINSON 288

HOTELS in Johannesburg's northern suburbs and Sandton will have another 1 000 rooms by 1995.

Expenditure will total hundreds of millions of rands.

Southern Sun, City Lodge and Karos are building hotels or extensions. Mount Grace has received permission from the Johannesburg City Council to build a hotel in Rosebank.

Stocks & Stocks plans one or two hotels in the new Sandton Square complex.

The largest development will be Southern Sun's second Sandton hotel over the road from the Sandton Sun.

The R132-million hotel will be 18 storeys high with 210 rooms and will have a triangular design. Construction will start in March and is scheduled for completion in late 1993. 16/2/92.

City Lodge is building a R20-million 150 room-hotel opposite the Morningside Clinic. It is due for completion by the end of this year.

Family-owned Mount Grace will build a 190-room hotel next to the Rosebank Mall at a cost of R80-million.

Karos is adding 68 rooms and a conference centre to its Indaba hotel at Witkoppen.

Only those who have booked can be accommodated in the northern suburbs and Sandton this month.

February is traditionally busy because business resumes after the holidays. But the Grand Prix has brought an additional influx.

Satour says all hotels in the PWV region will be full over the Grand Prix weekend at the end of February. Many visitors will arrive early and some will stay on after the Grand Prix.

SunCiskei's growth hit by labour disputes

STAR 18/2/92 (288)

By Sven Lünsche

Sun International's Ciskei subsidiary, SunCiskei, managed to report satisfactory earnings growth in the six months to end-December, despite a drop in occupancy levels at its key hotels.

Turnover increased by 13 percent to R59,5 million (R52,6 million) but a significantly higher payroll costs reduced growth in operating profit to five percent at R17,2 million (R16,2 million).

Profits before and after tax were 19 percent up on last year mainly due to the reduced interest cost arising from the increase in the company's share capital.

Interest payments dropped from R3 million to R1,2 million.

Attributable earnings were up 19 percent from R13,4 million to R16 million, but earnings per share fell slightly from 21,5c to 21,3c as a result of the increase in the weighted number of shares in issue.

An interim dividend of 15c (17,5c) a share was declared.

In their comment on the results the directors said that revenue growth was adversely affected by labour disputes and the expansion work at the Fish River Sun, which was completed in December.

SunCiskei's hotels averaged an occupancy of 55 percent, in line with the national average, but below the occupancies recorded at Sun City and the Wild Coast Sun.

Looking ahead, the directors said that earnings should improve moderately in the second half, due mainly to the recently completed extensions to the Fish River Sun, provided there was no further significant deterioration in conditions.

Downturn, disputes hamper SunCisk

BDay 18/2/92 (285)

MARCIA KLEIN

LOW occupancies and labour disputes have affected the performance of Sun International, Ciskei (SunCisk), in the six months to end-December.

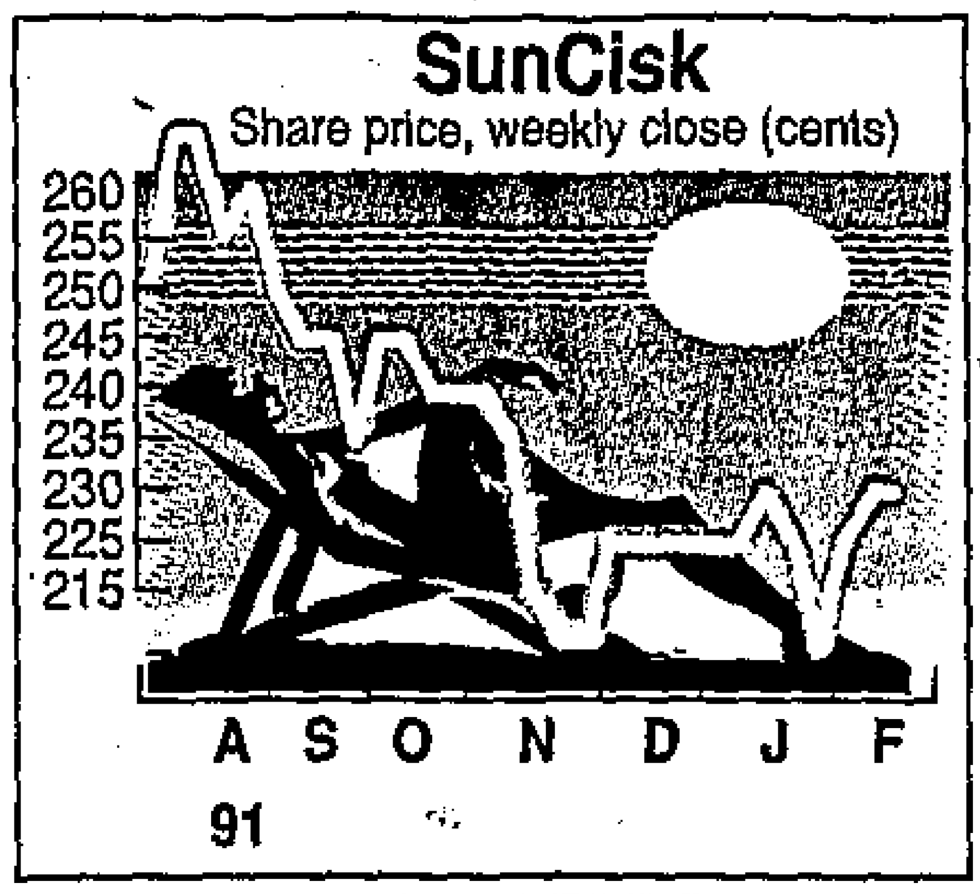
Chairman Ken Rosevear said results, in which earnings were fractionally lower than the previous year, reflected the effects of the continuing recession, high interest rates, inflation and unemployment.

SunCisk hotels averaged an occupancy of 55%, which was in line with other three, four and five star hotels in southern Africa, but below occupancies achieved by the other Sun International companies.

Rosevear said the Amatola Sun, reliant on business travellers, had experienced depressed trading conditions and had pulled down the average occupancy figure.

Turnover over the six months increased by 13% to R59,5m (R52,6m). Rosevear said revenue growth was reasonable, notwithstanding the disruption caused by construction at the Fish River Sun as well as labour disputes and strike action.

A 35% increase in payroll costs affected operating profit, which rose by only 5% to R17,2m (R16,4m). Rosevear said SunCisk had now reached a wage level comparable with other major players, so operating income should not be affected by such high wage increases in future.



Graphic: LEE EMERTON Source: I-NET

In spite of sluggish growth in operating income, pre-tax profit rose 19% to R15,9m (R13,4m), mainly because of a reduced interest cost of R1,2m (R3m) arising from an increase in the company's share capital.

Attributable earnings were 19% up at R15,9m (R13,4m), but earnings a share, calculated on a weighted number of shares in issue, were down 1% to 21,3c (21,5c).

SunCisk declared an interim dividend of 15c a share compared with 17,5c a share in 1990 calculated on a weighted average number of shares.

SunCisk expected a moderate improvement in second-half earnings.

Tour operators shun CBD hotels

(288)

DARIUS SANAI

JOHANNESBURG's high crime rate is forcing tour operators to book their clients into hotels outside the CBD. 81Day

Satour director Spencer Thomas said yesterday foreign tour companies had expressed "a preference for hotels out of the CBD" because of rising crime levels "around centrally located hotels". 19/2/92

He would not name the hotels involved, but an informed source said the Carlton and the Johannesburg Sun were perceived as risky hotels to stay at.

Japanese tourists, who often carried expensive photographic equipment, seemed to fall victim to muggers the most frequently, the source said.

Tour operators abroad who had received complaints from tourists staying in central Johannesburg had started to book customers into hotels in the northern suburbs. Some companies had even started to accommodate people in Pretoria.

Johannesburg Sun operations director Paddy Brearley said some tour companies had switched operations to other areas.

However, the situation was improving, he said, adding that the Johannesburg Sun's occupancy rate was double that of this time last year. Foreign tourists accounted for 40% of total occupation.

NEWS IN BRIEF

Hotel occupancy down

A RECENT survey indicates that average room and bed occupancy rates in SA for December 1991 fell 3% and 5,6% respectively compared with December 1990, the Central Statistical Service (CSS) said yesterday. (288)

The CSS said average room and bed occupancy rates for the year 1991 were 4,9% and 7,6% lower than for 1990. The lowest room occupancy rate — namely 37,6% — was recorded by one-star hotels and the highest — 54,8% — by two-star hotels.

B/Day 20/2/92

Teljoy sees good prospects in Rediffusion subsidiary

MARCIA KLEIN B/Day 20/2/92

TELJOY subsidiary Teljoy Rediffusion expects to increase significantly its turnover and profit each year over the next few years.

Newly appointed financial director Bruce Willows-Munro said yesterday the division would provide a major source of growth to the Teljoy group.

He said Teljoy Rediffusion, involved in closed circuit surveillance and other security systems as well as audio and satellites, had not felt the recession.

This was mainly because hotel groups, a major source of income, had been gearing up for an upturn in the tourist industry. Also, high-tech security and control systems were a major growth area in SA.

Another reason for its success was its close relationship with its customer base, which included Sun International, Southern Sun, Holiday Inn, City Lodge, Protea Hotels and various banks. (288)

Teljoy Rediffusion recently completed the Carousel project, which included the installation of hotel equipment and "one of the largest and most technologically advanced casino surveillance systems worldwide".

Teljoy Rediffusion also announced it had acquired Provicom Industries, which is involved in closed circuit TV and audio equipment. Willows-Munro said this business would complement the company's existing business, and it would also give it access to Grundig technology.

US cautions tourists in SA

WASHINGTON. — The State Department urged Americans this week to exercise caution while travelling in South Africa because of clashes at political gatherings, increasing right-wing violence and street crime. 288

The department described the political situation in South Africa as "unsettled". CT 21/2/92

"Right-wing violence has grown as the situation in South Africa has become less favourable to hard-line apartheid supporters."

Tourists were urged to be careful because of an increase in petty crime, muggings and thefts.

Performers and others were urged to make sure their contracts were legal. — Sapa-AFP

(288) FM 21/2/92

SO MANY DELEGATES, SO FEW BEDS

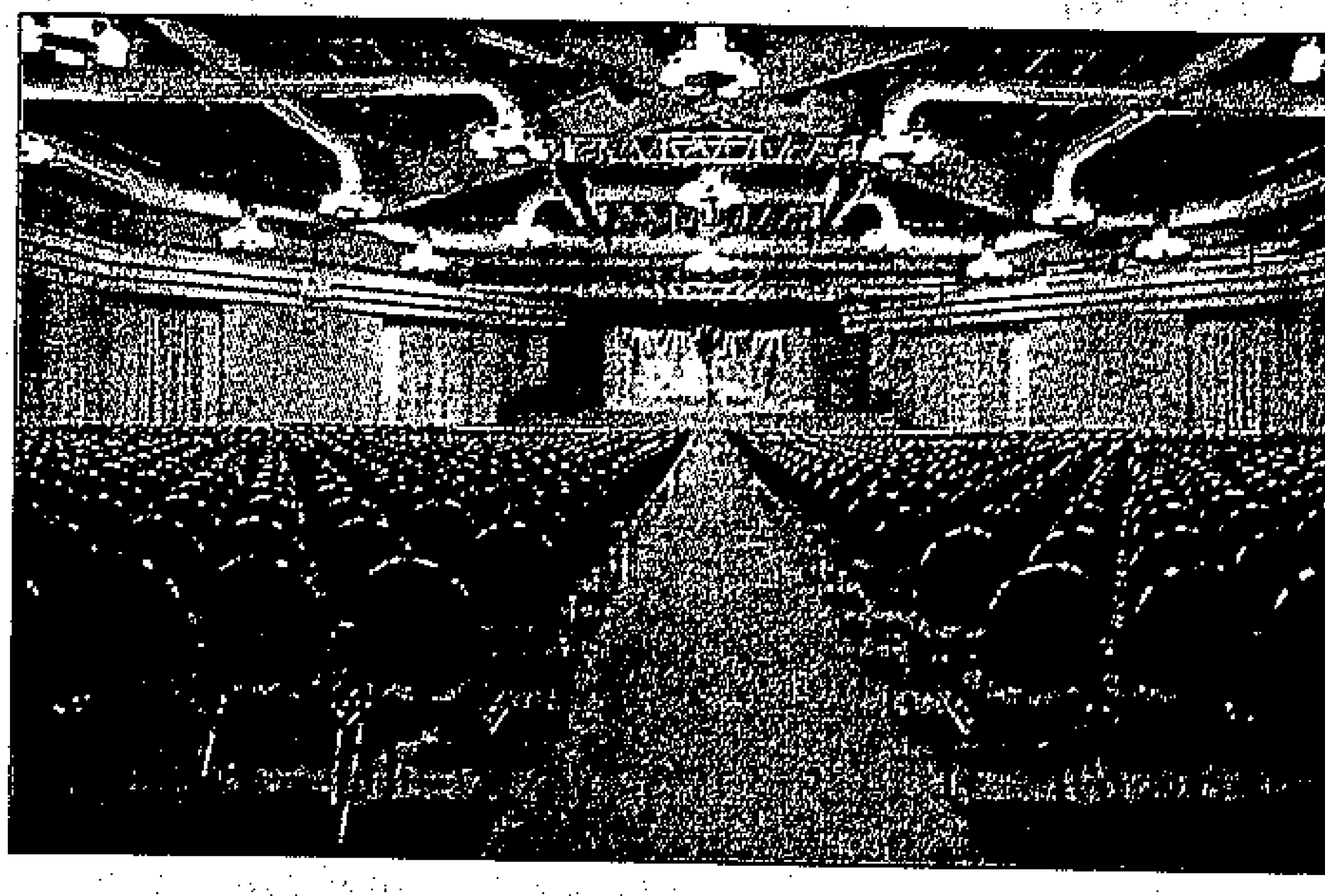
The Bophuthatswana government's new prestige project — the R37m Mmabatho Convention Centre which opened in September 1991 — raises questions about the standards of planning for "big event" venues. Johannesburg's Ellis Park and Soccer City are cases in point.

Impressive though it is — the centre's Solomon Rathebe Auditorium can seat up to 3 000 delegates — the nearby Mmabatho Sun and Molopo Sun hotels have only 350 rooms. Throw in other hotels in the area, including those of the Manyane Game Lodge, and that's 450 rooms in total. Sun City is two hours away by car — a bit of a fag.

It comes as no surprise that manager Sun International, which was brought in after the deed was done, talks about targeting a niche market principally for local events.

There is the hope too of attracting banquets and special events such as boxing and music concerts. Product launches from the PWV — particularly motorcar launches — are also being aimed for, just as long as the sponsors do not baulk at chartering a 300-seater jumbo for the launch trip which works out at roughly R300 per passenger return. Sun International argues that this is not expensive compared to overnight costs: "Since our launch a few weeks ago using an SAA chartered flight, there have been a lot of inquiries from other marketing organisations and potential clients."

Talk now is that private feasibility studies are being undertaken to develop further hotel accommodation in the Mmabatho area. Occupancy rates of the existing hotels are said to be running between 50% and 70%, depending on the season. The convention centre itself is being used once a week, for events ranging from a banquet to a four-day conference.



Says Sun Bop West product group manager Mark Jakins: "Accommodation is a slight negative for a four-day conference of 300 to 400 people, but for rolling conventions and exhibitions we are hopeful of more bookings. The response within a 200 km radius of the centre has been excellent and we have just launched a major PWV advertising campaign."

FM 21/2/92 (288)

SUN INTERNATIONAL

FM 21/2/92 (288)

SunBop still the star

Within the Sun International stable, the Bophuthatswana resorts, housed in SunBop, continue to outperform the rest of the group.

It has by far the largest catchment area, as well as the marketing flair of Sol Kerzner, who is chairman of SunBop but no longer has any connection with the others.

The market expectation that SunBop will show better growth is reflected in earnings multiples. It is priced at a 20,9 multiple; Transun, on the other hand, has a p:e of 8,0 and Sun Ciskei, listed under a year ago, 5,4.

There is also a different political risk. Sun International's partnership with Transkei is cooler than its link with Bophuthatswana. Its monopoly does not extend beyond the immediate vicinity of the Wild Coast Sun. If Transun wants further resorts, it will have to tender against competitors on an equal basis.

The status of Sun Ciskei's monopoly is still uncertain. It is not so long ago that the Mdantsane Sun was destroyed in riots.

Ultimately, all the resorts are at risk from the reintegration of TBVC states into SA, but, arguably, SunBop's resorts are more central to the tourist infrastructure of the inland areas than those on the coast.

These results justify market scepticism of SunBop's siblings. While SunBop's EPS again showed real growth — of 17% — Sun Ciskei's was static and Transun's rose 3%.

SunBop's occupancies remain much higher, at 78%. In spite of recession, its turnover and operating profit rose by a quarter. Kerzner attributes this to the quality of the resorts, pointing out that SunBop always set out to offer a comprehensive entertainment package with gaming just one element.

The results indicate that unlicensed casino operations in Johannesburg have not affected profitability. Kerzner says the growth of these operations is unhealthy as every country in the world strictly controls gaming.

The family-orientated Carousel, about half an hour north of Pretoria, made a good contribution for the last two of the six months. Due to building work there and on the Lost City, net interest income fell from R16,5m below R1m — offset in part by a fall in the effective tax rate from 31% to 25%.

SUN BOP BOUNDS ON ...

Six months to	Dec 31 '90	Jun 30 '91	Dec 31 '91
Turnover (Rm)	399	384	483
Operating inc (Rm)	112	117	141
Attributable (Rm) ..	89	103	106
Earnings (c)	82,3	94,6	96,4
Dividends (c)	55	77	64

Calendar 1992 could see lower growth. SunBop will be paying interest and the Lost City will come on stream only in December. More issued shares will dilute EPS by about 7%. SunBop still has growth prospects, though Kerzner cannot think beyond the Lost City. The next priority will be to refurbish existing facilities, notably the main Sun City Hotel.

Transun does not have the same prospects, but is immensely profitable: an operating margin of 30,3% outstrips SunBop's 29%. Sun Ciskei is not far behind, at 28,9%.

... BUT TRANSUN TRAILS

Six months to	Dec 31 '90	Jun 30 '91	Dec 31 '91
Turnover (Rm)	96	97	105
Operating inc (Rm)	34	34	32
Attributable (Rm) ..	26	27	27
Earnings (c)	18,2	18,7	18,7
Dividends (c)	13,75	13,25	14

The Wild Coast Sun is being expanded and the South Coast road is being improved. While there is a sizeable population on the South Coast, the hotel is some way from its principal target market in Durban. An occupancy of 64% is well below SunBop's.

Sun Ciskei looks less constrained. Its beautiful stretch of coast should have more potential for exclusive tourism than a mini-Las Vegas on the Highveld, though occupancies are just 55% now. Attributable earnings are up 19% to R15,9m, matching the increase in the weighted average equity.

It is the only one of the three with hefty borrowings, up by two-thirds from a year ago to R33m, but chairman Ken Rosevear points out that this is largely offset by R19m cash reserves. SunBop will also take on hefty borrowings during the Lost City project.

Even if there is no growth, Sun Ciskei and Transun are underpriced as steady income stocks. Transun's dividend yield of 9,1% and Sun Ciskei's 10,1% look a bargain. Notwithstanding its better quality, SunBop's 3% looks expensive. *Stephen Cranston*

Drop in turnover for Cape business

LINDA ENSOR (288)

CAPE TOWN — Business owners in the western Cape suffered severe real declines in turnover last year and expect a repetition of the trend this year, a survey has found.

The survey of 500 business owners undertaken by Arthur Andersen, Western Cape Growth Organisation and UCT's Graduate School of Business (GSB) discovered that average turnover only increased by 8,6% last year compared with an inflation rate of 15,3%. BDay 24/2/92

However, they felt they were better off in the Western Cape with its greater political stability and increased tourism. Of the respondents, 77% felt business in the western Cape was improving relative to other regions.

Business owners believe bank overdraft rate will remain high at 19,5% until June and are more pessimistic about inflation than the Reserve Bank, expecting the average rate of inflation in 1992 to be about 16,5%.

Overwhelming support (90%) was given to VAT as a better form of indirect taxation than GST.

Competition from other regions was not seen as a threat and there was little planning for expansion into other regions, GSB's Bruce MacDonald found.

"Respondents are short-sightedly very dependent on the Western Cape and its environs for their turnover."

During the past five years, 80% of turnover was made in the western Cape with 78% forecast for 1992. Only 6% saw competition from other regions as a problem that could affect their business, MacDonald said.

Kersaf's interim earnings up 14%

BDay 25/2/92 (288)

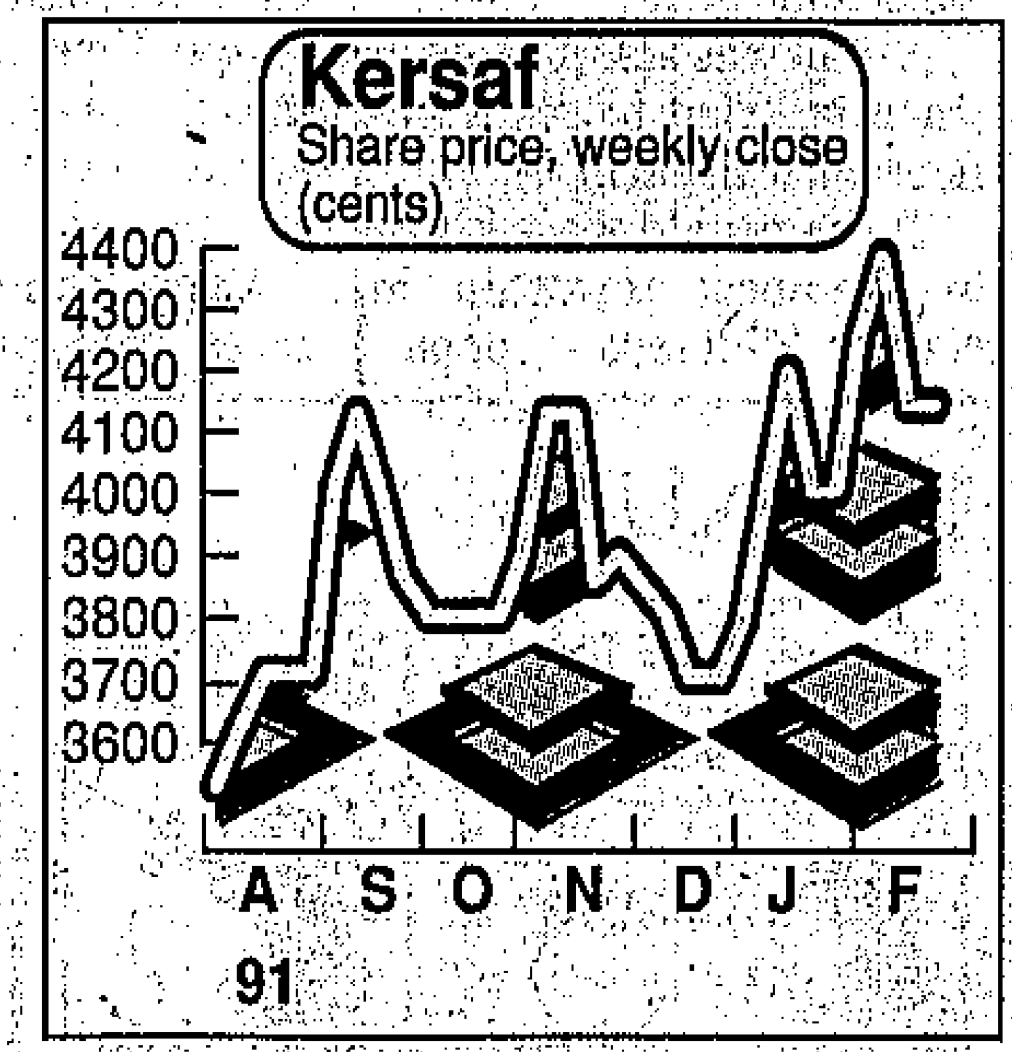
MARCIA KLEIN

GOOD results from Sun International helped lift the Kersaf group's interim earnings to R86,4m in the six months to December from R75,8m in the corresponding period of 1990.

The group's 14% first-half earnings increase to 115c (101c) a share came on the back of a 17% earnings increase from Sun International Bophuthatswana (Sun Bop), a 10% rise in Interleisure, and pedestrian profit performances by Transkei Sun and Sun Ciskei.

Kersaf chairman Buddy Hawton believed group earnings were satisfactory in the light of the deterioration in trading and economic conditions and the group's susceptibility to slower consumer spending.

Kersaf declared an interim dividend of 66c (58c) a share, payable in cash or by way of additional shares. The share option, Hawton said, would help Kersaf maintain its effective shareholding in Sun Bop, which has announced a R178m rights offer and a scrip dividend.



Graphic: LEE EMERTON Source: I-NET

Hawton added that Sun International, the major contributor to group earnings, had achieved good results.

Casino revenues rose by 25%, helped by

☐ To Page 2

Kersaf

BDay 25/2/92 (288)

☐ From Page 1

the opening of the Carousel Entertainment World, while the group's resorts reported a 4% decline in room occupancy rates to 66%.

Hawton said the Carousel was attracting its expected 10 000 visitors a day, and he believed it would be "a good earner in the medium to long term". The Morula Sun and Sun City, which were expected to be affected by the opening of the Carousel, had "stood up surprisingly well".

Interleisure had been expanding and attendances were recovering well due to its revised pricing policy and its good product, Hawton said yesterday.

Kersaf Liquor, in line with the sluggish industry, had experienced a tough six months. Trading conditions were difficult in Mauritius, but its profit contribution rose as the previous period's R8m forex loss was not repeated. While earnings from Mauritius were up, Hawton said other offshore earnings were generally sluggish because of the international economy.

Over the next six months Kersaf intended completing major developments, ensure its standards continued and embark on active marketing.

Hawton said Kersaf was looking at opportunities overseas, but considering the difficult economic conditions internationally, it would be careful with any decision.

Turnover for the six months was 13% up at R1,02bn (R904,1m), and operating profit was 10% higher at R275,0m (R249,1m).

Capital requirements on expansion and refurbishment were reflected in a reduction in interest received and an increased interest bill. This resulted in a 5% pre-tax profit growth to R279,5m (R265,7m).

Lower taxation of R66,1m (R80,6m) refers mainly to a lower rate at Sun Bop due to allowances on capital expenditure. Profit after tax was up 15% at R213,3m (R185,1m).

COMPANIES

Pleasure Foods to end JSE listing

BDay 25/2/92

MARCIA KLEIN (288)

ANGLOVAAL'S fast food subsidiary Pleasure Foods, which today reported a large earnings drop, will end its JSE listing.

Pleasure, holding company of Milky Lane, Wimpy, Juicy Lucy, Golden Egg and Pizza Hut, reported a 35% earnings drop to 3,7c (5,7c) a share after turning the company around in the year to end-June 1991. Directors do not expect any improvement in earnings in the second half.

Anglovaal's National Brands, which holds 72,4% of Pleasure, intends to buy out minorities' interests. It will offer 125c a share for a total consideration of R16m.

The boards of both companies said in view of Pleasure's shareholder structure, the limited tradeability in these shares and costs of maintaining a JSE listing, its listing was no longer appropriate. Pleasure will now become a wholly owned National Brands subsidiary.

Interim results to end-December show that turnover dropped by 25% to R36,4m (R48,8m), and operating profit was reduced by 48% to R1,7m (R3,3m).

Directors said deteriorating economic conditions affected sales volumes.

After a 78% interest reduction to R52 000 (R236 000), Pleasure's pre-tax profit declined by 31% to R2,1m (R3,1m). A lower tax rate and a loss in associated companies resulted in 35% lower earnings of R1,7m (R2,6m).

MR Griessel believes the timeshare industry will play a major role by providing accommodation volumes required for the expected tourism boom.

"Already a number of hotels and resorts in SA charge rates which are on a par with overseas and this limits the average South African in his choice of holiday. Securing future holidays will become a priority for families and timeshare will certainly provide people with the option of affordable holidays offering variety and flexibility."

Above all, it's the managers

THE Timeshare Institute of South Africa (Tisa) has some hints for consumers:

- Make time to ask about the developer/seller. Consider references — financial, local, business partners, owners — and contact them.
- Check the management. No single factor is as important in the future of the resort as the quality of the management.
- When you inspect the property, look for signs of good management. Are the recreation facilities attractive and well cared for? Is there a front desk where owners can check in? Ask about the developer's management experience.
- Be sure the management association, the seller or the managing agent has the authority to deal effectively with co-owners who fail to pay annual levies or who carelessly damage property and leave without making amends.
- Determine that the period of the management contract is not excessively long and that the owners may terminate the contract if the management agent fails to perform properly.
- Visit the property.
- If you can, spend time holidaying there.
- Know your legal rights. Be sure that all verbal representations are included in writing in the contract you are asked to sign.
- If you don't understand the contract completely or have unanswered questions, get an opinion from an attorney or another knowledgeable professional.

Resort Condominiums International adds these hints to the checklist:

- Look for the Tisa and RCI logos on the company's stationery. If in doubt, contact these organisations for confirmation of affiliation.
- If you feel under undue pressue to buy — don't. There will be other opportunities.

Take your time . . . and if you feel undue pressure to buy, don't.

Polishing the tarnished image of timeshare

25/2/92 STAR

HALTING THE HARM Think timeshare and, for many people, alarm bells start ringing. But the Timeshare Institute of South Africa is taking steps to restore consumer confidence.

On the beach . . . The idea of guaranteeing future holidays is an attractive one, but many potential timeshare buyers have had their confidence shaken.

TIMESHARE will be the only affordable option for a family holiday in the future, says Steve Griessel, managing director of a timeshare company. But bad publicity and burnt fingers mean the public face of timeshare has, in the eyes of many consumers, been tarnished.

(288)

Bruce Ravenhill, outgoing chairman of the Timeshare Institute of SA (Tisa), says firm steps are being taken to repair timesharing's negative image.

In future, all Tisa-registered resorts will carry certificates stating that their legal, financial and ethical aspects have been scrutinised. The idea is that this will protect the public from unsound investments.

"Our task is to inform and educate the public, and particularly the media, about timeshare. An informed consumer is a protection in itself and far more effective than legislation," said Mr Ravenhill.

"Our attention will also be directed towards educating the developers and financiers. The more informed they are, the more likely we are to have responsible and viable developments in the future."

STAR 25/2/92

LAST year, more than 21 000 new families bought timeshare — despite the economy and negative publicity. Recent surveys found the 140 000 families that own timeshare in some 150 resorts or schemes are highly satisfied with their investment.

Meanwhile, worldwide timeshare sales have reached $3,76 billion (R10,7 billion).

"South Africa has two scenarios regarding travel — the one is the effect of recessionary times which has resulted in people taking shorter and less frequent holidays.

"The other is that due to political changes which have positioned South Africa more positively abroad, international airlines are returning and as a result South Africa will become a major holiday destination," says Mr Griessel.

"Increased tourist numbers will impact on the holidays of locals, both from a pricing and availability point of view."

Kersaf's casino revenues up 25%

STAR 25/2/92

By Sven Lünsche

Kersaf, the holding group of the Sun International and Safmarine-Rennies groups, reported a satisfactory earnings growth of 14 percent in the interim period to end-December.

The interim turnover beat the R1 billion mark for the first time rising by 13 percent from R904,1 million to R1,02 billion.

While operating profits rose by only 10 percent to R275 million (R249,1 million), a drop in tax payments to R66,1 million (R80,6 million) left after tax profits significantly higher by 15 percent at R213,3 million (R185,1 million).

The lower tax payment was due to a lower effective rate at Sunbop as a result of allowances on its extensive capital expenditure programmes.

Attributable earnings rose by 14 percent to R86,4 million (R75,8 million), equivalent to earnings per share of 115c (101c).

An interim dividend of 66c (58c) a share was declared, but Kersaf is offering shareholders 1,833 shares for every 100 shares hold in lieu of the cash payment.

The directors describe the group's results as satisfactory given the prevailing slowdown in consumer spending.

They are, however, happy with the performance of Sun International, given that casino revenues rose by 25 percent over the period following the opening of the Carousel in November last year.

"In line with the industry experience, the group's resorts suffered a decline in average occupancy, and the 66 percent level attained was four percentage points down on the previous year," the directors state.

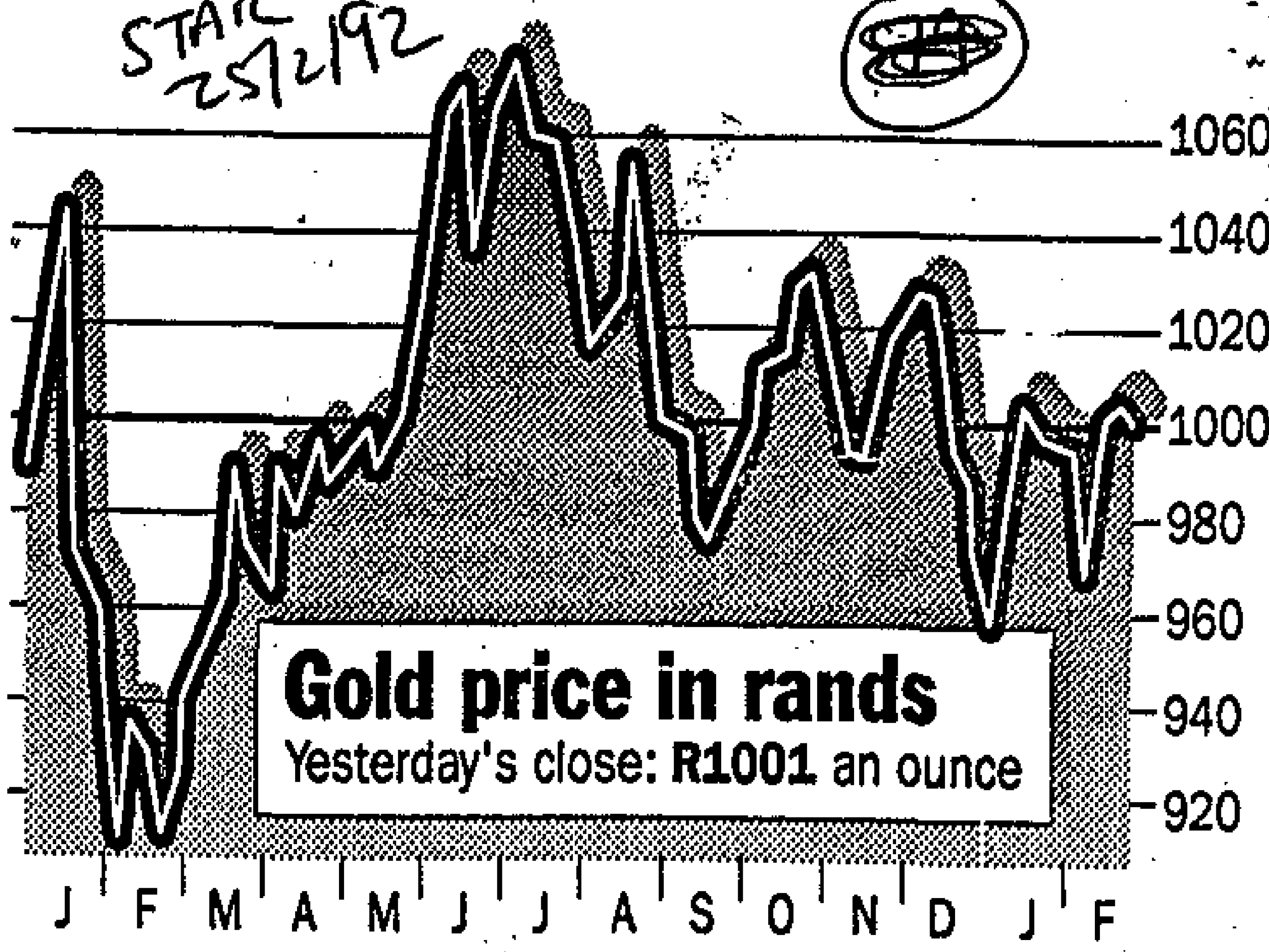
Nothing is said in their comment on the performance of Safren but analysts believe that the group benefited from the strong rise in trade which was reported in the second half of last year.

Looking ahead they say that the depressed economic conditions are expected to continue unabated for the remaining months of the year and the group will be affected by the ongoing restrictions on consumer spending.

It was nevertheless anticipated that the growth in earnings for the year should remain satisfactory.

Gold price sinks below $350 level

STAR 25/2/92



By Derek Tommey

There is no need to hit the panic button over the fall in the gold price yesterday to below $350.

The lower dollar gold price is almost entirely the result of the unexpected sharp rise yesterday in the dollar against all currencies — including the rand.

The dollar rose almost 0,6 percent against the Japanese yen, 0,5 percent against the German mark and 0,4 percent against the rand.

This provided a cushion for gold producers leaving therand price of gold still above R1 000 an ounce, as it was last Wednesday, Thursday and Friday.

The gold mines are, therefore, no worse off than they were.

On the other hand, the firmer dollar is good news for exporters of commodities such as coal, ferroalloys, manganese, steel, iron ore, chrome ore, diamonds, platinum and any other goods priced in dollars because they are getting more rands for their products than they were last week.

Surprise rise

The surge in the dollar appears to have taken some analysts by surprise.

But the guiding principle of financial speculators is: "When you see a good thing, go for it."

Clearly, company treasurers, bankers, importers and just plain speculators saw the dollar as a "good thing" yesterday and went for it — in expectation of either making or saving money by so doing.

Some analysts said the rise in the dollar — the result of heavy buying — was fuelled by over-optimism about US economic recovery.

But those who believe the US economy is in recovery mode and are responsible for managing their employers' currencies have no choice but to buy dollars.

As the US economy picks up it will draw in an increasing amount of capital from foreigners keen to share in the recovery profits.

This alone will lead to a firmer dollar.

Any businessman who has debts denominated in dollars will start buying dollars now.

And any businessman who has to make purchases in the US will be doing the same.

With the dollar rising, gold dipped below that psychological level of $350 an ounce, droppingmore than $2 to $349,50 — around its lowest levels since last September.

According to Sapa-Reuter, some traders feel it could lose as much as $10.

But analysts at the Johannesburg Stock Exchange do not agree.

They say the percentage drop in the gold price is almost equal to the percentage rise in the dollar against the rand and other currencies.

This means there has not been any change in demand for gold — only in the exchange rate of the dollar.

Analysts point out that the gold price has remained around $350, despite the world recession affecting demand at a time of heavy Middle East and Russian sales.

Consequently it is unlikely to go any lower when economic activity improves, they say.

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Court asked to stop hotel group's gambling operations

288

Business Day Reporter

A VANDERBIJLPARK casino owner yesterday asked the Rand Supreme Court to restrain Karos Hotels Ltd from opening and running casino operations at the group's hotels countrywide.

Gary Van der Merwe, owner of various legal casino operations in Rivonia, Sandton, Cape Town and Durban, at which the card game of skill known as Ace Hi is played for money stakes, sought urgent interim relief against the hotel group.

Court papers claimed Karos MD Selwyn Hurwitz failed to honour an agreement between him and Van der Merwe to set up casino operations at Karos hotels in partnership with Van der Merwe; that Hurwitz instead used Van der Merwe's ideas and expertise to open gambling establishments.

Brian Pinkus, representing Van der Merwe, asked for a rule nisi calling on Karos Hotels to show cause why, pending the outcome of an action to be instituted by Van der Merwe for a declarator and ancillary relief, the hotel group should not be interdicted and restrained from continuing the casino already under operation at the Capital Towers Hotel in Maritzburg.

He also asked for a provisional order to restrain Karos from opening up any further casino operations at any other hotels in the Karos group.

Mr Justice R Zulman postponed the matter to Friday February 28 for legal argument. BDay 26/2/92

Van der Merwe's gambling operations received a legal go-ahead in July last year when a Vanderbijlpark regional court found that Ace Hi was a game of skill, not a game of chance.

In an affidavit supporting his application yesterday, Van der Merwe said he had met Hurwitz at the Karos Indaba Hotel on October 23 last year, where Van der Merwe discussed his casino operations.

Hurwitz indicated at the time that he was extremely impressed with Van der Merwe's operation at Rivonia, the affidavit said.

Asking for interim relief, Van der Merwe said that it would be extremely difficult for him to assess his damage in as much as he would have no knowledge as to what each separate casino in the Karos group would earn in profit, or what profits would have been generated had the joint venture come to fruition.

ANC man guilty of bombing hotel

THEO RAWANA

UMKHONTO we Sizwe operative Jeremy Seeber was found guilty yesterday of bombing Johannesburg's Devonshire Hotel and of attempted murder in 1986.

Seeber, 25, of Lyttelton, had earlier pleaded guilty to placing a mini-limpet mine in a cloakroom near a bar inside the hotel on September 26 1986.

The mine exploded and injured three people. BDay 26/2/92

Magistrate J J Esterhuizen convicted Seeber of attempted murder and unlawfully causing a limpet mine explosion.

In a statement handed into court, Seeber said he committed the act in pursuance of the ANC's military strategy.

Pleading in mitigation, he said the bar of the Devonshire Hotel had been chosen as a target because it was frequented by the business community, especially people from SAB and Liberty Life.

The act was intended to send a message to the business community to work for a new SA, Seeber said. He was "carrying out instructions in a state of war".

Evidence in mitigation continues today.

New scheme to rescue Club Mykonos

LINDA ENSOR

CAPE TOWN — A scheme had been launched in terms of which a large financial institution would rescue the Club Mykonos resort development, it was disclosed yesterday. B|Day 27/2/92

Attorney Graham Liebenberg said in an affidavit presented to the Cape Supreme Court yesterday a fundamental part of the scheme was that the property of Mykonos Weskus form part of the deal and that neither it nor Club Mykonos Langebaan be finally liquidated as this would adversely affect the viability of the scheme.

He did not disclose the institution's identity and said the scheme was still subject to approval by its board of directors.

Town planner and property valuer Robin Ellis and property consultant Philip Calothi said in a joint affidavit it would be best if the properties of Club Mykonos Langebaan and Mykonos Weskus were realised as a single unit. (288)

The affidavits relate to a court application by the Masterbond provisional curators alleging intervening creditor Donald McKenzie has no legal basis to intervene.

'Tourism needs more blacks'

(288) CT 27/2/92

By AUDREY D'ANGELO
Business Editor

CAPTOUR must involve more black people in its efforts to build up the tourist industry in the Western Cape, its CEO, Gordon Oliver, said at a breakfast meeting at the University of Stellenbosch Graduate School of Business yesterday.

Stressing the need for a long-term strategy to promote tourism he said that — particularly in the light of pending political and socio-economic changes — "it is imperative that Captour now begins to make effective moves to bring the black business community on board with a view to their being part of the decision making and marketing strategies".

This, he said, was necessary to bring home the point that the tourist industry was in the hands of the entire community and not "a purely white, exclusive, businessman's activity".

Oliver said research showed that one new job was created by every 11 tourists visiting a particular destination. In the Western Cape this figure was even higher — it was estimated that a new job was created for every eight tourists coming to the region.

Captour was now focusing more of its attention on overseas markets. "The present indications are that 49% of all foreign visitors have Cape Town on their itineraries and we aim to push this up to 60% by 1993."

To achieve this it was a priority to persuade the government to allow foreign airlines to fly directly to Cape Town.

"We have had contact with many scheduled carriers who are battling to get permission from the Department of Transport. Captour believes the true market should be allowed to take its course."

Captour also aimed at pushing its share of the domestic tourism market of about 3 million people up to 30% from the present 20%.

Tourists flocking back, say operators

B/Day 28/2/92

(285) DARIUS SANAI (288)

FOREIGN tourists are flocking to SA in unprecedented numbers and 1992 is set to become a record year for tourism, say leading airlines and tour operators.

A spokesman for British Airways yesterday described booking volumes on flights from London to Johannesburg as "excellent".

"The number of forward bookings southbound over the next few months is very, very good, and January and February have also been excellent months," the spokesman said.

She said she was unable to confirm whether the past two months had seen the greatest number of tourists ever to visit in January or February, but said bookings were "better than we've seen them in a very long time".

Rennies Travel spokesman Kathy McWhirter said yesterday there had been a "significant increase" in tourist numbers.

Business had also increased dramatically at Rennie's Travel bureaux de change, indicating a notable increase in the numbers of foreign tourists, the spokesman said.

Accurate figures on the numbers of tourists are only available from Satour, which has not yet released figures for this year. But smaller operators yesterday echoed comments from Rennie's and BA.

Mike von Kotze, MD of independent Incentive Touring, said yesterday that numbers of tourists so far this year "are definitely higher than in any previous years", with an increase of around 15% over last year's numbers.

Von Kotze said the referendum would not adversely affect tourist numbers unless the outcome was negative, and a positive outcome might help tourism by giving SA good publicity.

The BA spokesman said the value-for-money factor in SA was a definite drawcard.

Flitestar unveils new fare discounts

(282)

B/Day 28/2/92

LINDEN BIRNS

FLITESTAR would offer 40% discount fares for its soon-to-be introduced evening and late night flights and had increased discounts in several categories of daytime flights, it announced yesterday.

The airline, which like its opposition SAA has been struggling to increase load factors, recently reconfigured its Airbus A320 cabin layout. The new seating plan features a Business Class which has been almosthalved — 35 seats instead of 65 — and a 36-seat increase in the economy class.

Flitestar's last late-night departure is 11pm, with its latest arrival time 00.45am. The earliest evening takeoffs, which qualify for the 40% discount, are 7.15pm. These will operate every day except Saturday.

The late night flights will initially link Johannesburg to Port Elizabeth and Durban to Port Elizabeth and Cape Town. Flights between Johannesburg and Cape Town will begin by mid-March.

Early morning flights have also been rescheduled, with the earliest Johannesburg departure moving from 6.30am to 6.50am. The first flight from Durban to Johannesburg will depart at 8.15am instead of 9am. Changes have also been made to the Durban-Johannesburg midday schedule.

Flitestar said it had reacted to the recession by increasing weekend discounts for sports teams, their spouses and people under 25 (25%), and people on government pensions and senior citizens (30%).

Starpex 25% discount fares have been made available to all travellers.

Meanwhile, Flitestar is hoping to start flights to India and the Persian Gulf region within weeks if it gets approval for its proposals from the Directorate of Civil Aviation (DCA).

Flitestar MD Jan Blake said the airline was also interested in starting long-haul flights to London. He said it was evaluating the acquisition of long-range aircraft to augment its medium and short-range fleet.

A management delegation led by GM Reinhart Mecklenburg this week took part in a Safto visit to Oman. Mecklenburg said Flitestar had identified the Gulf as a region of vibrant economic growth.

He said Gulf travel agents had shown particular interest in southern Africa's casino resorts, health spas and luxury game lodges. Flitestar has proposed a once-a-week direct flight linking Johannesburg to Bombay and Delhi.

DCA spokesman Maurena Nel said yesterday an intergovernmental bilateral air services agreement was not required for Flitestar to begin services to India or the Gulf.

She said it was free to negotiate a purely commercial agreement on air links with carriers registered in those countries, similar to the arrangement SAA has with Lufthansa.

Tour operators complain

DARIUS SANAI

THE SA tourist industry will face serious problems trying to cope with a large influx of tourists unless the country's infrastructure is improved, say leading tour operators. (388)

The main problem areas, they claim, are the unreliability and inadequacy of coach tours in SA, and the shortage of hotel accommodation in the western Cape.

Rennies Travel Marketing MD Kathy McWhirter yesterday called on government to involve itself more in tourism and turn the industry into SA's main money-spinner. B/Day 28/2/92

"SA has a vast potential in terms of its attractions, but there are serious problems that need to be overcome," she said.

Incentive Touring MD Mike von Kotze said yesterday tourists were experiencing problems with coaches breaking down.

Chris Hunoldt, director of Cape Town based company The Tour Consultants, said the coach problem was likely to be the single biggest thorn in the side of foreign tourists in future.

He said SA coaches were not up to the standard of those in Europe. "The coach operators advertise luxury tours, but the coaches are usually two- or three-star quality compared to those in Europe, which are of five-star quality.

"Some coaches operating as luxury tourers are only school bus standard."

SA-made coaches were also less reliable than foreign ones, Hunoldt said. But coach operators were deterred from buying foreign coaches because of a 60% import surcharge.

The MD of another travel agency said accommodation on the Garden Route and in Cape Town was very limited during the high season.

McWhirter said it would be very difficult to find accommodation for the tens of thousands of tourists expected to come to SA in the years ahead, particularly in Cape Town.

She said service standards were also a problem, with restaurants, hotels and shops at times offering inferior service.

Other problems included the inaccesibility of tourist information centres, and the illegibility of road signs, she said.

The Berlitz guide to SA comments that many tourists become confused by road signs in SA. It says many foreigners drive round the country with the impression that the addendum "Slegs-Only" means that only "slegs" are allowed to follow a particular road sign.

'Don't bet Govt will ease gambling curbs'

STAR 28/2/92 (288)

CAPE TOWN — People investing in anticipation of gambling curbs being relaxed could be wasting their money, Minister of Justice Kobie Coetsee said yesterday.

In a statement, he said he wanted to warn against pre-empting Government decisions on gambling, lotteries or games of chance.

"The minister directs a very serious warning to those people who are planning, or who have already made financial commitments, in expectation that control over gambling will be relaxed.

"Such investments may prove to be totally wasted and beyond retrieval."

The Gambling Act, which prohibits games of chance, was still in force.

No inferences should be drawn from the fact that some prosecutions under it had been unsuccessful. All contraventions could lead to prosecution.

Gambling and lotteries purely for personal material gain were unacceptable and remained illegal, he said.

There was reason for an investigation into legalising games of chance for raising funds for health, welfare and *education.*

Kobie Coetzee . . . investors may lose money.

But no case had yet been made for State-controlled fund-raising competitions in which chance played a role.

Only after the Government had ascertained "all the facts" and consulted the churches would it invite public comment on any proposals it had drawn up, Mr Coetsee said. — Sapa.

(ii) die partye, of enige besigheid waarin die partye enige belang het, aan enige persoon enige reg op of belang in die uitsluitlike gebruik of okkupasie van akkommodasie gedurende vasgestelde of vasstelbare tydperke gedurende enige jaar verleen of voorgee om te verleen;

(b) ingevolge artikel 12 (1) (c) van die Wet die partye gelas om af te sien van die toepassing of voortsetting van enige sakepraktyk soos in paragraaf (a) hierbo beskryf, en om op te hou om enige belang in 'n besigheid of tipe besigheid te hê wat sodanige sakepraktyk toepas of om enige inkomste daaruit te verkry en om daarvan af te sien om te eniger tyd enige belang in 'n besigheid of tipe besigheid wat sodanige sakepraktyk toepas, te verkry of enige inkomste daaruit te verkry.

1. Sien in die algemeen D. W. Butler Time-sharing 27 LAWSA; H. S. Cilliers, M. L. Benade, J. J. Henning, D. H. Botha en E. M. de la Rey *Company Law* 4 uitg. 1982, en J. T. R. Gibson en R. G. Comrie *South African Mercantile and Company Law* 6 uitg 1988.

2. Sien D. F. Mostert, D. J. Joubert en G. Viljoen *Die Koopkontrak* (1972) 28.

3. Sien A. J. Kerr *The Law of Sale and Lease* Butterworth 1984, 163.

4. Huurkontrakte vir tien jaar of langer ten opsigte van onroerende eiendom is egter slegs geldig teenoor 'n krediteur of opvolger onder beswarende titel as dit ingevolge die bepalings van die Wet op die Formaliteite met betrekking tot Huurkontrakte van Grond, Wet 18 van 1969, geregistreer is.

5. Artikel 8 (1), Wet op die Beheer van Aandeleblokke, 1980 (Wet No. 59 van 1980).

6. Artikel 4, Wet op die Beheer van Aandeleblokke, 1980 (Wet No. 59 van 1980).

7. Artikel 7 (2), Wet op die Beheer van Aandeleblokke, 1980 (Wet No. 59 van 1980).

8. Junie 1990.

9. Klousule 5.1 lui soos volg: "Register a covering first mortgage bond in favour of the investor, collectively with other investors over all the properties forming part of the Flexi Club's portfolio of units, the Bond to be in standard form and to contain conditions entitling the investor to call up the bond should Flexi Club fail to fulfil its obligations in terms of this agreement.".

PROF. LOUISE TAGER,
Voorsitter: Sakepraktykekomitee.

SCHEDULE

BUSINESS PRACTICES COMMITTEE

REPORT IN TERMS OF SECTION 10 (1) OF THE HARMFUL BUSINESS PRACTICES ACT, 1988 (ACT No. 71 OF 1988)

Report No. 9

SUMMER LEISURE INTERNATIONAL LTD AND THE FLEXI CLUB FOUNDATION

CONTENTS

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I. Introduction.
II. The parties.
III. Timeshare and timeshare rights pooling systems.
IV. The business practice.
V. Evaluation.
IV. Conclusion and recommendations.

I. Introduction

The Business Practices Committee has in terms of section 8 (1) (a) of the Business Practices Act, 1988 ("the Act"), conducted an investigation into the business practice of Summer Leisure International Ltd ("SLI"), the Flexi Club Foundation ("FC"), Mr Lawrence Lodewyk Botes ("Botes"), and Mr William Leonard Spencer Nosworthy ("Nosworthy"). These parties operated a timeshare rights pooling system.

Notice of the investigation was given in terms of section 8 (4) of the Act under General Notice 18 of 1990 as published in *Government Gazette* No. 12248, dated 12 January 1990.

In the course of the investigation enquiries were made with Botes, Nosworthy, Mr R. S. Goldstein, partner in the firm of attorneys, J. Gus Ackerman, attorneys to FC, and with Mr M. Arnold, a partner in the firm of auditors of Russel Wolpe and Company, auditors to both the FC and SLI, relating to the status of the audit and the progress with their work on behalf of FC and SLI.

Information was also obtained from Mr P. Fourie, a former administration manager of FC and Mr D. Jehring, ("Jehring") a former director of Summer Leisure International Holdings and Summer Leisure International Limited, who had resigned from this position on 10 May 1989. Jehring had been an associate member of FC, a position from which he had also resigned. Letters received from investors were examined as well as a submission received from advocate Chris Edeling, chairman of an Investors Committee ("IC") which had been convened during September 1989. A submission was also received from the South African Property Owners Association. Various documents and records of FC and SLI were examined. (286)

The investigation revealed an absence of proper books and records of FC and SLI. The affairs of the various legal entities had also become intertwined. It deserves to be mentioned that FC had been the subject of a struggle for control, in the course of which accusations and counter-accusations of misconduct and mismanagement had been raised by and against various individuals.

FC was established as a foundation by way of a founding deed dated 5 December 1987, to which Botes, Nosworthy, Jehring and Mr V. S. Pike were signatories. Nosworthy was also elected Chairman of the Board of the Executive Committee of FC. In terms of the founding deed the affairs of FC were to be managed by an executive committee, the first executive committee being constituted by the signatories to the founding deed.

SLI was a public company formed on 9 April 1981, the company previously having been known as Confederated Property Development Ltd. Botes was a director and shareholder of SLI and Nosworthy was the executive director and an associate member of SLI. SLI has been placed in liquidation. The investigating officer was informed by Nosworthy that he and Botes were the directors of the company and that Nosworthy, Botes and Botes's family were the shareholders of SLI. As at 1 February 1989 Botes was managing director of SLI, V. S. Pike the financial director and Nosworthy chairman. Jehring was in charge of reservations and administration.

II. The parties

The investigation related to the business practice of Summer Leisure International Ltd ("SLI"), the Flexi Club Foundation ("FC"), Mr Lawrence Lodewyk Botes ("Botes"), and Mr William Leonard Spencer Nosworthy ("Nosworthy").

III. Timeshare and timeshare rights pooling systems

Timeshare rights are rights derived from agreements between consumers and timeshare developers, entitling the consumer to the recurring occupation of premises for a limited duration, which duration may for a determined or indeterminate length of time.[1] The period of occupation is typically a fixed period per year, such as a specific week in the year. The fixed period is an annually recurring event, so that the consumer has a right of recurring use or tenancy, interspersed with similar tenancies of other consumers. The premises are usually a unit in an apartment complex but may also be other property.

All or only some of the apartments (residential units) in a particular building may be devoted to use by timeshare holders. One building may be the subject of different timeshare schemes.

Since apartments in one building may be owned by various owners and from part of different schemes of ownership or occupation confusion can easily arise in the minds of consumers as to the nature of a particular scheme or the identity of a particular developer.

It is useful to distinguish in terms of conventional legal concepts the nature of the agreement between those who transfer timeshare rights of occupation and members of the public who acquire such rights. It may thus be enquired how this agreement is related to contracts such as the contract of sale, lease, and other similar contracts.

In the case of contracts of sale it is usually contemplated that the purchaser will obtain possession of the thing sold and that he will become owner of it. Agreements for the creation or transfer of timeshare rights are usually described in terms indicative of a seller/purchaser relationship. It is possible to sell incorporeal things, such as a personal right or a claim or debts.[2] It is fair to accept that most consumers will probably equate any agreement that is described as a contract of sale as an arrangement in terms of which the consumer will upon delivery obtain a right of ownership which will withstand claims by third parties.

A contract of lease can be described as a contract in terms of which the lessor shall provide the use and enjoyment of property to the lessee in return for the payment of rent by the lessee.[3]

Rights derived from an agreement of lease are personal rights, this means that they may be enforced as a claim against another person. If such person is unable to meet the claim the right may be worthless. In contrast to personal rights real rights are enforceable against the whole world.

Other appropriate analogies to the timeshare consumer's right of periodic occupation are possibly an agreement to extend lodging in a lodging house or accommodation in a hotel. The important difference between these situations and timeshare is that in the latter case the accommodation is paid in advance. If the consumer acquires ownership the advance payment is simply the consideration for the ownership interest.

If ownership is not obtained by the consumer the ability of the timeshare developer to honour his obligation over an indeterminate period in the future is consequently of critical importance to those who give value or incur the obligation to do so in exchange for such rights of occupation. If the timeshare developer collapses financially in the situation where the consumer's rights are not secured by ownership or otherwise the consumer may suffer the loss of all he has paid.

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Should a lessor become insolvent the occupier's security of tenancy comes under threat, although it may find some protection under the rules of a maxim such as "huur gaat voor koop". [4] Where ownership has been transferred pursuant to a contract of sale the purchaser's rights would not be affected by the seller's financial misfortunes subsequent to the contract of sale. Ownership therefore confers a security on the consumer which most timeshare contracts can never do.

The Property Time-Sharing Control Act, 1983

A "time-sharing interest" is defined in the Property Time-sharing Control Act, 1983 (Act No. 75 of 1983), as meaning, in relation to a property time-sharing scheme,

> any right to or interest in the exclusive use or occupation of accommodation, during determined or determinable periods during any year, of accommodation.

The Property Time-sharing Control Act defines any "property time-sharing scheme" as

(a) any scheme, arrangement or undertaking in terms of which time-sharing interests are offered for alienation or are alienated and the utilization of such interests is regulated and controlled, whether such scheme, arrangement or undertaking is operated pursuant to a share block scheme, any scheme under which time-sharing interests connected with rights to membership of or participation in any club are granted, any time-sharing development scheme based on the alienation of undivided shares in a unit as defined in section 1 of the Sectional Titles Act, 1971, or otherwise; or

(b) any scheme, arrangement or undertaking declared a property time-sharing scheme by the Minister of Industries, Commerce and Tourism by notice in the *Gazette* for the purposes of the Property Time-sharing Control Act, in terms of which interests in the use or occupation of immovable property, or any portion thereof, defined in the notice, are sold or leased.

The Property Time-sharing Control Act attempts to improve the position of timeshare participants by imposing certain substantive and administrative requirements. Time-sharing interest can be validly alienated only if the alienation is embodied in a contrct signed by the parties or by their agents, acting on their written authority.

The contract must contain certain specified particulars, such as a description of the relevant immovable property and a statement as to whether such immovable property is held by the seller by virtue of ownership or lease and, in the case of a lease, the name and address of the lessor and the duraction of the unexpired period of such lease.

If the immovable property is encumbered by a mortgage bond, the contract must state the name and address of the person, in favour of whom, or, in the case of a particpation bond, the name and address of the relevant nominee company referred to in the Participation Bonds Act, 1981, (Act No. 55 of 1981), in favour of which the mortgate bond is registered at the time the contract is concluded.

There are certain provisions which, if contained in the contract, would be invalid. This includes a provision whereby any person who acted on behalf of the seller in connection with the conclusion of the contract, or the negotiations which proceeded the conclusion of the contract, is appointed or is deemed to have been appointed as the agent of the purchaser.

In the Property Time-sharing Control Act the term "alienation" is used to refer to both "sale" and "lease". This reference to "sell", and other references to "purchaser" and "seller" indicate that, for the purpose of the Property Time-sharing Control Act time-sharing interest are viewed as objects capable of being bought and sold.

Advertisements relating to the alienation of time-sharing interest must contain certain prescribed information, for example full particulars regarding the legal basis on which time-sharing intersts in the particular property time-sharing scheme are acquired and the total number of years during which a prospective purchaser of a time-sharing interest in relation to a time-module shall have the right to exercise his rights in respect of it.

The Share Blocks Control Act, 1980

A "share block scheme" as defined by the Share Blocks Control Act, 1980, Act No. 59 of 1980, means any scheme in terms of which a share confers a right to or an interst in the use of immovable property. Although there are other ways of structuring timeshare rights, share block schemes have proved the most popular.

Under a share block scheme a share block company obtains rights to land and buildings for use or occupation by the shareholders of the company. A fact which is not always realised by consumers is the fact that the assets of a company belong to the company and that the members have no rights to the property of the company. In the case of a share block company any immovable property owned by the company or any of its rights to movable property of which it is not the owner and in respect of which it operates a share block scheme may be alienated or ceded only with the approval by special resolution of a general meeting of the company.[5]

If any share of a company confers a right to or an interest in the use of immovable property or any part of immovable property such a company is presumed to operate a share block scheme.[6] The articles of association of a share block company must provide that a member shall be entitled to the use of a specified part of the immovable property in respect of which the company operates the share block scheme on the terms and conditions contained in a use agreement entered into between the company and such member.[7] A "use agreement" is defined as any agreement conferring a right to or interest in the use of any immovable property in respect of which a share block scheme is operated.

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When an arrangement in terms of the Share Blocks Control Act confers a right of occupation on any member of the company such a right is a personal right which entitles the member and the share block company to demand from each other the performance agreed upon in the use agreement.

The Share Blocks Control Act contains various provisions aimed at protecting the interest of shareholders. The directors of a share block company are under a duty to ensure that such accounting records as are necessary fairly to reflect and explain the state of affairs in respect of the moneys received and expended by or on behalf of the company in respect of the share block scheme operated by the company, are kept in one of the official languages.

A share block company is also required to balance at intervals of not more than six months its books and records relating to any payment made in respect of loan obligations by members. Books and records and financial statements must be audited at least once annually by the auditor appointed under Chapter X of the Companies Act.

Most schemes in terms of which timeshare rights are extended to consumers are structured in terms of the Share Blocks Control Act. This means that for the purposes of a particular timeshare scheme such consumers are members of a share block company, their rights of occupation being based on a use agreement. The timeshare rights emanating from a use agreement in terms of the Share Blocks Control Act do not confer rights of ownership. The fact that an arrangement is structured in terms of the Share Blocks Control Act thus will not in itself alter the nature of the consumer's rights from personal rights to real rights, eg rights of ownership.

Consumers may sometimes erroneuosly equate their share block rights with rights of ownership. From the point of view of consumers a distinction which must, however, be drawn is that between real and personal rights. A personal right is a right in terms of which the one party may demand from another some or other act or performance, for example where A sells something to B, B has the right to delivery of the article. This right to delivery is a personal right. A's right to payment of the price by B is also a personal right against B. A real right, however, is a right such as the right of ownership, where the owner has the right to deal with and dispose of property largely as he wishes. The owner has a right that no one shall interfere with his ownership of his property.

Undertakings such as FC manage schemes that may be described as timeshare rights pooling systems. A distinction is made between pooling systems and reservation exchanges.

In the case of pooling systems timeshare rights (usually personal rights) are acquired by a single entity which steps or purports to step into the shoes of the transferor of the rights. Such transferors can, for example, include an original timeshare developer, a person to whom time sharing rights have been marketed, or even another pooling organisation which transfers rights contained in its rights portfolio. The right of any timeshare consumer to transfer his rights to another timeshare consumer or to a pooling system operator will normally be defined by his contractual relationship with the timeshare developer.

As indicated above the relationship between the timeshare developer (for example a share block company) and a timeshare consumer (the member of the share block company) is based on a use agreement. As such a right is likely to be a personal right its marketability by timeshare consumers is limited.

A pooling system promises participants in the system the benefit of the occupation to which the original timeshare consumers were entitled by virtue of their timeshare rights. The rights of timeshare consumers who obtain rights of occupation through a pooling system may, however, differ from the rights of the orignal timeshare consumers.

The (personal) timeshare rights transferred to the pooling organisation are not the same rights as the rights which the pooling organisation extends to its clients. The share block rights of the timeshare holder that are transferred to the pooling system operator cannot be reissued by that operator as share block rights in the pooling organisation. It is thus not simply a matter of an exchange of rights among timeshare holders.

The timeshare rights against the timeshare developer that are transferred to the pooling system operator are likely to be extinguished as far as the transferring timeshare holder is concerned. In exchange for the timeshare rights of occupation transferred to the pooling system operator "fresh" rights are conferred on the holder, based on a contractual relationship between himself and the pooling system operator.

There is no contractual relationship between the timeshare holders who transfer rights to the operators of pooling systems and the timeshare holders who obtain rights from such operators. The relevant contractual relationships are those between the timeshare developer and holder, between the timeshare holder and the pooling system operator, and between the pooling system operator and the new timeshare holder. 288

Unless shares in a share block scheme are transferred to the new timeshare holder the transaction between a holder and a pooling system operator converts one type of contractual relationship with one party to another type of contractual relationship with another party. Share block rights (one type of personal right) are exchanged for quasi rights of "tenancy", or whatever the nature of these rights may be.

The question may arise whether the relationship between a pooling organisation and its membership is governed by the Property Time-sharing Control Act No. 75 of 1983. The answer to this question should be determined solely by the nature of such relationship and the terms of the Property Time-sharing Control Act. If the necessary elements as prescribed by the Act are present in the particular relationship the Act and all its requirements should be applicable. Regard being had to the definition of "share block scheme" in section 1 of the Share Blocks Control Act, the provisions of this Act may also be applicable to certain pooling organisations.

The extension of rights through reservation exchanges, in contrast to the transfer of rights to pooling organisations, does not extinguish the timeshare holder's original timeshare rights, replacing them with new rights. A reservation exchange serves as a mechanism through which timeshare holders temporarily swop benefits of their timeshare rights for benefits of the timeshare rights of other timeshare holders.

The consideration for timeshare rights is customarily paid in the form of a single payment and/or in instalments. The contract usually also includes an obligation to pay a regular levy such as a quarterly or annual levy which is applied towards the maintenance and upkeep of the building and facilities in question. Timeshare schemes and sectional title schemes have the payment of levies in common. This similarity may possibly contribute to a perception among consumers that timeshare rights are rights of ownership.

A timeshare holder's financial obligation consequently consists of two segments, namely a fixed portion (payable in a lump sum or in instalments) and an open ended or escalating portion (levies), the amount of which may be periodically determined and adjusted by the timeshare developers.

Timeshare rights are often marketed as so-called investments, the claim being made that timeshare transactions serve to contain costs which might otherwise have been subject to inflation. The Code of Advertising Practice of the Advertising Standards Authority states that advertisements for a timeshare interest should not present timesharing as an investment for financial and capital gain, but rather as an investment in affordable holidays.

In a report on *Timeshare*[8] by the Director General of Fair Trading it is noted that the cost of timesharing does not appear to compare favourably with the cost of a series of annual self-catering holidays of similar standard. In his report the Director General states as follows: "The availability of timeshare, however, increases the range of options and potential benefits for holidaymakers. The standard of the accommodation, and of the associated facilities, can be higher than people will find on conventional package or self-contained holidays. But prospective purchasers need to give full consideration to the financial implications before committing themselves. The capital outlay is high and is tied up for a long time. Buying with the help of a finance agreement, though apparently more favourable, increases the real cost in the long term. Management charges may also increase more than expected. All of this means that people should think very carefully about buying timeshare. It is important that they should understand what they are doing and be provided with the necessary information to assess the advantages and disadvantages."

The Committee believes that claims that timeshare rights constitute an investment are best viewed with scepticism unless such claims are supported by clear evidence.

The Committee has further taken notice that timeshare is often marketed in an extremely aggressive manner, involving what may amount to deceptive methods. The Committee had no information indicating what methods of marketing were used by FC.

IV. The business practice

The nature of FC's business

FC is an organisation which acquired timeshare rights from timeshare holder's, extending the accommodation afforded by virtue of those rights to its members. It operated a system in terms of which consumers who became members of FC would be entitled to enjoy rights of accommodation derived from the timeshare rights controlled by FC. The system operated by FC can be compared to a pool of timeshare rights, members contributing either timeshare rights or money to FC. When rights of accommodation were obtained for money, funds so created could presumably be used by FC to acquire additional rights of occupation for use by its members.

Timeshare rights were acquired by FC mainly from current holders of timeshare rights (shareholders in various share block schemes) who simultaneously became its members, as opposed to the direct acquisition of timeshare rights by FC from timeshare developers. The transactions through which time sharing rights were acquired from its members are referred to as trade-ins. An administration fee of R500 was payable to FC in respect of trade-ins. Approximately half of the membership consisted of consumers who acquired "points" on credit. The term "points" describes the rights of accommodation which consumers obtained from FC in exchange for either money or shares in share block schemes. 288

Membership in FC was obtained in terms of an agreement whereby the member, in return for rights of accommodation, transferrred an existing timeshare right to FC (trade-ins). In a minority of cases members paid directly for the rights of accommodation, or acquired those rights ("points") on credit when the member entered into an agreement with FC in the form of an acknowledgment of debt for the amount outstanding in respect of any rights of accommodation being obtained.

FC also undertook to receive and process reservation requests from FC members, allocating accommodation to members where available out of the bundle or bank of available accommodation rights, and paying the relevant levies in respect of the various timeshare units.

While FC could have bought resort properties outright from property owners the major portion of FC's available pool of accommodation weeks consisted of timeshare interests acquired from timeshare consumers who had traded in their existing timeshare rights in exchange for an allocation of points which would entitle them to exercise rights of occupation in the pool of rights created by those timeshare trade-ins.

The scheme operated by FC was one which it was claimed sought to overcome what was purportedly viewed as a shortcoming of ordinary timeshare systems, namely the fact that while the beneficiaries of timeshare rights acquired the right to occupy the same holiday accommodation at the same time and place each year, the FC scheme would enable the public to acquire "points" rather than the use of specific accommodation at a specific time. The points had the purported advantage to the consumer of allowing him to utilise his "points" at different times and places, depending on the portfolio of the pooling organisation and the allocation of "points" to other members.

The funds obtained through what was presented as a "sale" of points would allegedly be utilised to acquire a complex of additional timeshare rights or rights to property, based on which rights members of the club could from time to time select accommodation. Members' accommodation benefits would be based on the number of points allocated. The allocation of points was determined in terms of a system of weights adjusted according to a schedule taking into account factors such as the nature, type, location, length and seasonal classification of the accommodation.

Members who contributed trade-ins helped to increase the pool of accommodation benefits to which the membership could lay claim. Members who paid cash or debtors who reduced their loans increased the funds at the disposal of FC, which funds could be applied towards the acquisition of further rights to accommodation. Membership wholly or partially extended on a credit basis served to enlarge the circle of claimants to accommodation, without a concomitant increase in the stock of accommodation.

Unless sufficient funds were applied to the acquisition of additional rights of occupation the enlarged membership brought about by the cash and credit groups of members had the potential of increasing beyond the capacity of the pool of accommodation benefits under FC's control the potential number of claims to accommodation by members. Although manipulation of reservations may allow a pooling system organisation to elude for some time the pressure of claims to non-available accommodation benefits there is obviously a point where such manipulation will become ineffective. While the Committee had no evidence that FC in fact resorted to such manipulation the complaints of many consumers that accommodation was unavailable suggests that FC had failed to find a proper balance between available accommodation and consumer's claims to accommodation.

If FC were to ameliorate a points deficit and to satisfy the claims of its whole membership it would therefore have had to obtain, in addition to the available benefits which had been traded in, unencumbered or vacant timeshare rights to a sufficient number of timeshare units, i.e. timeshare rights, the acquisition of which would not entail a simultaneous increase in membership. It can be inferred from the complaints by consumers that FC had failed to find a solution to its points deficit.

When timeshare rights were transferred to FC it assumed the obligation to maintain the payment of levies to the existing timeshare developers. (Members in turn became obliged to pay a levy to FC.) If the transfer process had been completed FC would have become a timeshare consumer itself. FC's ability to satisfy the claims of its members depended on its own position as a timeshare consumer. Provided that the levies due in respect of a particular timeshare unit, the timeshare rights to which a member had transferred to FC, were regularly paid by FC (as it had undertaken to do in the membership agreement), FC would remain capable of extending to members the rights of occupation attaching to such unit. FC would thus more or less be in a position to satisfy the claims to accommodation of members, provided—

(i) FC maintained the levies as undertaken;

(ii) FC did not accept more reservations than it had available occupation rights in stock; and

(iii) sufficient additional outright purchases of stock were made when necessary to satisfy the claims of all members.

FC's sources of income were in principle as follows: First, from cash received in full payment for membership and accommodation rights, and second, from the monthly payments of "debtors", i.e. those members who neither contributed trade-ins nor paid in cash. This situation had the potential of causing a cash flow problem.

As far as could be ascertained the acknowledgments of debt were never successfully factored, despite various attempts to do so. Transfer fees of approximately R0,4 million debited in respect of trade-in transactions were apparently intended as an estimated prepayment and recovery for costs yet to be incurred in transferring timeshare rights from members to FC. Very few actual transfers were in fact effected. (288)

As indicated the arrangement between FC and its members was that when timeshare interests were traded in the obligation would henceforth rest on FC to maintain payment of the levy relating to the particular timeshare unit. Where FC acquired timeshare interests from non-investors the obligation to pay the levy would have rested on FC as if it were an original timeshare consumer. FC failed on large scale to pay to timeshare developers the levies that were payable on the rights of the timeshare holders who had transferred their rights to FC. This put many consumers in the position where they remained under an obligation to the timeshare developers from whom their rights had been obtained, despite the fact that these rights had purportedly been transferred to FC.

Marketing representations by SLI and FC

Marketing literature disseminated by SLI claimed that FC had been established in order to provide members with a secure holiday investment, enabling the member to become the co-owner of bond free property. The points system employed would allow members to utilize FC's holiday assets. It was pointed out that a similar holiday club points system operating in Europe had existed for more than 25 years, had a portfolio of 1 700 apartments in eleven countries for use by 50 000 members, valued in excess of R800 million. An FC advertising brochure mentions the 25th anniversary of the holiday points system and contains the statement "The holiday system with a proven track record of more than 25 years' successful service". Although there were some superficial similarities between the system operated by FC and these systems FC's comparison of its own system with such systems was not justified.

It was also claimed that while FC was structured as a foundation having legal recognition as a juristic person it has chosen to be controlled by an executive committee which has adopted the regulations of the Companies Act to control the committee members as though they were directors of a company. In the Committee's view such "adoption" of the regulations of the companies Act was so vague as to be meaningless. In practice it meant nothing. It was stated that all accounting records were accordingly subject to identical audit procedures as would apply in the case of a public company. The SLI Group of companies was represented as having been in existence for 20 years, incorporating construction, property development, property acquisition and property management.

Potential members were given the assurance that the monies paid by them would be paid into an attorney's trust account, until such time as the property had been purchased and transferred into FC. This was not done.

The marketing literature specifically addresses the question of the safety of the investment. It was implied that investments were safe for the following reasons. In the first place money was to be paid into a trust account and the trustee would only release the investment once the terms of the agreement had been complied with.

In the second place, once money was released by the trustee it was released because FC had purchased property and the ownership of the property was then registered in FC.

In the third place FC was a legal personal not having directors, share-holders etc., but was controlled by its administrators who did not have any rights to the property of FC. These various representations were undeniably designed and intended to inspire the confidence of prospective investors.

The relationship between FC and SLI

FC and SLI entered into a management agreement on 5 December 1987, the date on which FC was founded. In terms of this agreement SLI was to manage the affairs of FC. As part of this agreement SLI would be entitled to utilise the first thirty percent of proceeds, as a commission, of new point investments. SLI would receive a fee of R500 for trade-ins of existing timeshare assets and would also be credited with points equal in value to 10% of the current value of the units traded in. It was entitled to sell these points to future investors for its own account. This means that while SLI had been appointed to manage FC's affairs it was also to be active in its own right in the type of business being conducted by FC. The stock of accommodation benefits available to FC was further reduced by this arrangement.

The management agreement required SLI to collect from investors levies paid in terms of the Investment and Occupation Agreements and to utilise such funds in payment of levies to timeshare developers and/or managers of resorts in which FC was to become an "owner". SLI was to operate a levy fund and require FC to pay its contribution to such levy fund where SLI or its associated companies were developers of resorts in which FC was to become an "owner". SLI was entitled to lease accommodation owned by FC and not utilised by members. The rentals obtained from such leasing had to be credited less expenses to the levy fund for the benefit of FC members.

FC undertook to purchase holiday assets only from SLI or an associate company or subsidiary company nominated by SLI. FC agreed that in acquiring such holiday assets the company concerned was entitled to make a profit provided that FC did not pay such a company an amount exceeding the market value ruling at the time of such acquisition.

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SLI was to submit a bi-annual report covering the activities and progress to the Executive Committee of FC not later than four weeks after the end of each accounting period, together with a full set of accounts detailing all income and expenditure with a balance sheet and all the explanations necessary to fully comprehend the position. SLI had to keep proper books of account on behalf of FC which would have access to such books and which would also appoint an auditor to conduct an audit at least annually to report to FC on the result of such audit. These obligations were not honoured.

FC and SLI were legally separate entities, but these entities were under the effective control of Botes and Nosworthy who treated them as one entity.

The investigating officer found that the various entities had been treated as one, in conflict with generally accepted accounting practice and in contravention of the Companies Act, 1973.

The occupation and investment agreement

The agreements were entered into between investors and FC, represented by a director of SLI. There were different versions of the contract so that different members had different rights and obligations. The form of agreement makes provision for the member's investment to be made by way of a first payment on the date of the agreement and subsequent monthly instalments. The form of agreement declares that all payments made under the agreement would be paid over by FC to attorneys J. Gus Ackerman.

Such payments were to be retained in trust until a property or properties, the purchase price of which equalled or exceeded the aggregate of the investments so released, were released to FC to enable FC to take transfer of such property or properties. In acquiring such properties FC was to hold title thereto on behalf of the members as beneficiaries of FC. The attorneys were however authorised to release the first thirty percent of the investment cumulatively made by all members to FC to enable FC to pay sales commission and management fees. The trust arrangement appears to have placed little or no constraint on the activities of FC and SLI.

According to clause 2.4 of the standard agreement the total number of points credited to investors during any calender year was not to exceed 85 percent of the total number of points. In view of the sorry state of the accounting records it is doubtful whether the management of either FC or SLI could even properly determine whether this obligation was being adhered to. Even if such a policy is adhered to it may still be questionable whether it is a fair arrangement to the members of a pooling organisation.

In terms of the standard agreement forming part of the Occupation and Investment Agreement FC warranted that the portfolio of units would be unbonded and would be registered in its name. The Summer Rocks property was in fact bonded to Metboard while substantially all the other timeshare units traded in by investors had not been registered in FC's name. FC further warranted that subject to the member complying with his obligation his rights to occupation would last in perpetuity, and that all levies or other imposts payable to any corporate body would be paid timeously.

Expenses incurred by FC in respect of its costs of general management and in order to maintain its portfolio of units were to be payable from a levy fund to which each member was liable to contribute an amount per annum equal to one percent of the capital sum of his investment.

The state of the books of and record-keeping by FC and SLI

The books and records of SLI and FC were not properly kept. When accountants Russel Wolpe and Co., of Roodepoort were instructed to deal with FC's books in June or July of 1989 the current set of books was virtually non-existent. This not only complicated the Committee's investigation but made it extremely difficult to determine the actual state of the financial affairs of the parties.

Although clause 3.4 of FC's standard agreement states that all payments was to be paid into a trust account, not all cheques were drawn in favour of attorneys J. Gus Ackerman, some being drawn in favour of FC or SLI. That not all payments received by FC or its managing agent SLI were directly paid into the trust account of attorneys J. Gus Ackerman is apparent from the fact that the flow of funds through the said trust account was approximately R265 000, although approximately R7 400 000 had in fact been received. A withdrawal of R73 928,03 in favour of FC on 23 February 1990 emptied the account.

An overview of current circumstances by FC's accountants at the time (Russel Wolpe & Co., of Roodepoort), indicates that as at the end of October 1989 the position concerning the audit of FC was the following:

Prior to the appointment of Russel Wolpe & Co of Roodepoort, Mr V. Pike had been the auditor. The accountants were required to report on the financial statements of FC for the period December 1987 to 28 February 1989.

The books and records of FC prior to February 1989 had been maintained at the Durban offices which were closed subsequent to the year end and before the audit had commenced. All accounting records had been transferred to the offices of FC in Sandton when the Durban office was closed. The Committee wishes to point out that there is disagreement between Botes, Nosworthy and Jehring as to whose responsibility bookkeeping and records had been.

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When presented to the accountants for audit the accounting records "were in complete disarray". The state of the accounting records were described as follows by the accountants:

(a) There was no double entry accounting apparent for contracts, debtors, creditors or fixed assets.

(b) A "ledger" was presented containing entries and accounts for four separate entities.

(c) Audit trails were non existent.

(d) There was no apparent basis for test checking of the records. (According to the accountants it is the norm to be presented with a set of accounting records supported by corroborating vouchers, controls, reconciliations, etc. The audit of which records would involve inter alia a review of controls, accuracy and validity. This approach was however not possible for the FC's audit.)

(e) Although debtor's statements were available, the completeness and accuracy thereof was uncertain.

(f) Investors' contracts, deposit slips and bank statements were available.

In order to conduct an audit of the accounting records the accountants decided in consultation with the FC/SLI management that the accountants would initially assist in the reconstruction of records concerning timeshare assets and debtors. This was to involve a variety of procedures and preliminary work.

According to the accountants the necessary transfer of timeshare assets into the name of FC had in may instances (in fact, in virtually all cases) not yet occurred, and levies payable to the various resorts had not been paid.

The undertaking by FC to have an audit of its books completed was dishonoured when it failed to pay outstanding fees to the firm of accountants or to provide a sufficient guarantee for the payment of future fees. The audit was accordingly discontinued during November of 1989.

The investigating officer noted numerous cash cheques, amounting to R305 302 for the period since trading started to 28 February 1989, while no documentation could be obtained for an amount of R2 221 551.

The financial position of the parties

In the absence of a full audit and in the light of the chaotic state of affairs of FC's books it has not been possible to compile a complete and accurate rendering of the financial affairs of FC. Such conclusions as are presented have, however, been verified as far as possible from such information as has been available.

According to information provided by Jehring sales of points by SLI amounted to R26 million and comprised of two main components:

New points sales	R14 million	(before interest)
Trade-in sales	R12 million	
	R26 million	

According to Jehring in most cases an administration fee of R500 was charged per unit of timeshare traded in, to be applied towards the cost of transferring the timeshare unit into FC. This was waived in some instances. Jehring estimates on the available records that the amount received under this heading amounted to approximately R0,4 million. Receipts from members (debtors) for their contractual obligations amounted to R7,4 million, leaving total debtors before cancellations and bad debt provisions of R6,6 million.

The assets were comprised as follows:

Market value of timeshare units	
Registered in FC	R 0,13 million
Unregistered	R12,20 million
	R12,33 million

The auditors were requested to furnish a report specifically for a meeting of major investors which had been convened for 28 October 1989. In his report, dated 26 October 1989, it was noted that all the information in the interim balance sheet (see below) was the responsibility of the management of SLI/FC. As the work was generally limited to an overview of the balance sheet values with the purpose of assessing their reasonability in comparison to the values being audited, the review did not constitute an audit and, accordingly, no opinion was expressed on the interim balance sheet.

The auditors stated that, subject to the completion of their audit as at 28 February 1989, nothing had come to their attention during this review which caused them to believe that the values reported in the interim balance sheet of the FC was unreasonable. Subject to the various reservations and qualifications expressed the *pro forma* interim balance sheet nevertheless conveyed a picture of the fairly robust financial health of FC, reflecting a surplus of assets over liabilities of R18 205 860.

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The *pro forma* interim balance sheet of FC as at 31 August 1989, issued on 26 October 1989, reveals the following figures:

ASSETS

	R
Debtors	6 695 199
Contracts	6 391 046
Levies	304 153
Trust Account	78 462
Time share assets at cost	13 939 521
Investment: Summer Rocks	1 516 278
Furniture and equipment	157 440
	R22 386 900

LIABILITIES

	R	R
Overdue levies payable to resorts		281 824
Creditors for other outright acquisitions		1 565 000
Loans to FC		699 500
E. G. Walsh	27 000	
W. L. S. Nosworthy	252 500	
Evriades	65 000	
L. L. Botes (assosiate contribution)	350 000	
W. L. S. Nosworthy (assosiate contribution)	5 000	
International		140 838
Interest and administration fee on debtors		944 233
Sundry creditors and provision for transfer costs		550 000
		4 181 040
SURPLUS OF ASSETS OVER LIABILITIES		**R18 205 860**

While this reflected a rosy appearance on paper the management of FC and SLI was already in an advanced stage of collapse and disintegration. The assets were illusory and all cash appears to have been absorbed by SLI. The secretary of FC had been warned per letter dated 10 July 1989 by the Manager of the West Street branch of the Standard Bank, confirming a telephone conversation with FC's Mr Timmerman, that the bank was no longer prepared to provide facilities to the group of companies and that all overdrafts had to be repaid by 20 July 1989. The manager's letter noted that promises of audited balance sheets had not been fulfilled. In August of 1989 Jehring launched liquidation proceedings against SLI. Botes was advised by letter by Trust Bank, dated 17 August 1989 that account number 01 01794 227 8 was overdrawn in the amount of R426 832,69 and that the said amount was immediately payable.

A brief sequence of events

During December of 1987 SLI acquired the firm of Leisure Exchange International in return for a 10% SLI shareholding. Jehring was a director of Leisure Exchange International and was concurrently appointed as SLI Director with responsibility for administration and bookings, based in Durban.

The Property Holiday Club was established by Jehring in November 1988. Two accountants were instructed at the beginning of 1989 to attend to the problems being experienced in Durban. Their efforts resulted in the closure of the Durban office and the transfer of the books to Johannesburg. Botes alleges that he had launched a major effort to restructure and rectify the financial management of the business but that SLI had been liquidated due to a misunderstanding with a landlord.

Jehring's directorship was terminated in April of 1989. Jehring indicated per letter from his attorneys to SLI dated 12 April 1989 that he intended to commence liquidation proceedings against SLI. During July of 1989 SLI became unable to pay the salaries of certain of its employees or to settle its telephone account. A compromise agreement between SLI and Jehring was concluded on 30 July 1989.

In terms of the compromise agreement reached between SLI (represented by Nosworthy) and Jehring SLI undertook to pay to Jehring the sum of R70 000, (including a contribution to Jehring's costs in the amount of R10 000) payment to be effected in four equal monthly instalments of R17 500, commencing on the 7th September 1989 and thereafter on the 7th day of each succeeding month. In terms of the agreement of compromise Jehring undertook to withdraw the pending application for the winding up of SLI. In an agreement made on the same day between Jehring and Nosworthy Jehring sold his shareholding in SLI to Nosworthy for an amount of R100 000, a first payment of R50 000 to be made the next day and the balance of R50 000 to be made in monthly instalments of R12 500 commencing on 7 September 1989. The combined amount in monthly payments due to Jehring by SLI and Nosworthy as from 7 September 1989 was therefore R30 000.

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SLI waived all their rights in terms of the restraint of trade agreement entered into between SLI and Jehring on 15 April 1989. The agreement further recorded the acknowledgment by both SLI and Jehring that they would henceforth be in competition with one another in the marketing of timeshare through a points system, each undertaking to the other that they would not denigrate one another. Jehring undertook to discontinue his application for the winding up of SLI. Payment was effected through Gus Ackerman via Trust Bank on 25 July 1989.

In September of 1989 a letter was sent by a Mr G. A. Anderson to members of FC, expressing concern about the affairs of FC and giving notice of a proposed meeting of investors to be held in Johannesburg on 30 September 1989. In a letter to members of FC, dated 25 September 1989 and responding to Mr Anderson's letter, Nosworthy places the blame for FC's travails squarely on the shoulders of Jehring, claiming that the latter's incompetence in administering the FC Durban office had been the cause of inconvenience to members. The letter also accuses Jehring of committing various irregularities to the detriment of FC.

The IC was elected at a meeting of investors held in Johannesburg on 30 September 1989. According to the submission received from Advocate Edeling Mr Anderson had been instrumental in convening the meeting, working in collaboration with Jehring, who, after leaving FC, had established another holiday club. The report of the IC construes the meeting of investors as an attempt by Jehring to take over the management of FC. An allegedly impartial committee was however elected.

Although arrangements were made for co-operation between the management and the IC with a view to maintaining the viability of FC relations between the parties however quickly deteriorated and terminated amid mutual recriminations and accusations and counter-accusations of misconduct.

Nosworthy responded to a press report appearing in *Starline* on 26 September 1989 by communicating with club members per letter dated 26 September 1989. This letter assured club members that their investments "are entirely secure due to the protection contained in the Foundation Constitution". The letter also indicated that the information contained in the press report was incorrect and that the reporter had spurned an opportunity to obtain the correct facts from FC.

The IC issued an interim report dated 20 October 1989. The report indicated a situation which, on the surface at least, furnished grounds for concern about the stability of the scheme and the ability of FC to honour the obligations and render the performance it had undertaken. If FC was not capable of ensuring to members access to the accommodation in resorts members' total investments were being called into doubt. The interim report *inter alia* stated that proper books and records were not being kept; that the computer system was not operational; that trade-ins were not being registered; and that moneys that were supposed to be paid into a trust account were not so paid in.

By the middle of 1989 the administrative structure of SLI had virtually collapsed with only a small number of personnel remaining. In the beginning of 1990 Jehring communicated with the members of FC, inviting them to support his efforts to rescue and revive FC.

On 9 October 1990 a meeting of FC was held in Advocate C. Edeling's chambers in Bloemfontein, at which meeting it was resolved that the association of all the associates, except Mr C. Wolhuter and Mr J. Kay be terminated in terms of clause 4.3.7 of the founding deed. It was further resolved that Holiday Property Club (Pty) Ltd (controlled by Jehring) be appointed to handle the day to day administration and activities of FC. Assuming that the steps taken are legally valid (on which the Committee expresses no opinion) the position assumed at this stage by Holiday Property Club (Pty) Ltd can be viewed as analogous to the position occupied by SLI vis-à-vis FC.

Subsequent to these events Jehring communicated with the existing members of FC, inviting them to transfer their membership to the Flexi Holiday Club, "an association not for gain, capable of owning its own property and of suing and being sued in its own name and having perpetual succession, and ... therefore a common law body corporate". The relationship structure which existed between timeshare consumers and FC, and the relationship structure existing between former members of FC and the Flexi Holiday Club is similar in many respects. The Committee points out that the activities of Jehring and of the Flexi Holiday Club did not form part of its investigation. The security of an investment of this nature is affected by certain problems as described in section III.

Complaints

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FC failed to pay levies that were due. On arrival at resorts members were often required to pay outstanding levies before being allowed to use premises to the use of which they claimed to be entitled by virtue of their contractural relationship with FC and SLI.

Numerous investors complained that they had directed letters of complaint to the management of FC and SLI, outlining their complaints and requesting reaction from the management. There was no response to such letters and attempts to reach the management by telephone had been to no avail. It is apparent that during late 1989 and the first half of 1990 FC/SLI was suffering a complete organisational and administrative collapse.

FC undertook in clause 5.1 of its Occupation and Investment agreement to register a mortgage in favour of investors on all the properties owned by FC.[9] No such bond was registered, it was claimed because of practical difficulties. Certain members complained that they had only received their 1988 statements for levies in 1989, and some complained that they had not received any statements at all.

The investigating officer concluded from discussions with Nosworthy, Mr Fourie and Mr Arnold that both FC and SLI had been experiencing severe cash flow problems. FC had failed to take transfer of most of the timeshare assets which had been traded in by investors. In the investigating officer's opinion the main cause of the cash flow problem was that SLI was entitled to the first 30% of proceeds, as commission, on new point investments. Such high marketing costs are not unusual in the timeshare context.

It must be borne in mind, however, that the timeshare rights transferred to FC were twice subjected to marketing costs, the first time when the timeshare rights were obtained by the timeshare consumer, and the second time when rights were transferred by FC to its members. Apart from other problems concerning the security of the investment this process may have contributed considerably to the dilution of the value of these rights.

In terms of their relationship with FC the latter through SLI had undertaken to act as a reservations agent for members. Certain members complained that after having given instructions for reservations to be made they found on arrival at resorts that no reservations had been made.

V. Evaluation

As the transferee of timeshare rights transferred by timeshare holders, FC purported to assume both their rights and obligations towards the timeshare developer. This meant that FC was to become a timeshare holder itself, assuming of course that the necessary formalities and steps had been taken to complete the process of transfer and registration. FC in fact failed to have the transfer process completed concerning the substantial majority of shares in regard to which members had initiated transfer. This put members in an invidious position. They were under the impression that their contractual relationships with the timeshare developers had been terminated by their agreement with FC. Members accordingly discontinued the payment of levies to the timeshare developers.

The interests of consumers who take part in contractual arrangements are affected in particular by the following factors, namely representations made to the consumer prior to the conclusion of the contract, the content of the contract itself, the actual performance rendered, the legal nature of the commercial party (or parties) to the contract, the intentions of the commercial party, and his ability to perform what has been undertaken.

Pre-contractual representations

Pre-contractual representations made by FC and SLI were clearly designed to induce in consumers a belief and reliance in the security of their investment with FC. The structure of the relationship and the management of the organisation was however such that these claims could not be met.

The agreement

The agreements into which consumers entered were grossly one-sided and served to establish a legal relationship in terms of which the consumer's rights were unprotected and unprotectable. They were, in fact in a worse position than the holder of timeshare rights in a share block scheme.

The performance rendered

FC/SLI undertook to make available to consumers certain rights of accommodation on a periodic basis. It is obvious that FC/SLI suffered a massive management, administrative and accounting failure, with the result that many consumers did not receive what their agreements with FC entitled them to. In the process many consumers incurred substantial financial losses. In many cases it will not be possible to quantify the extent of the losses since consumers transferred their rights to the Flexi Holiday Club (trading as Flexi-Club).

In order to establish the value of such rights the net asset value thereof will inter alia have to be established. Although certain management and administrative services were rendered by FC/SLI the value of members' rights have been diminished to the extent of a substantial portion of the cash paid over to FC/SLI, all of which has been consumed and appears to be irrecoverable. Ultimately the value of such rights can only be determined by comparing them with the values which may have accrued had the money been otherwise invested, minus the value of any benefits that may have been received. This would involve a separate investigation.

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The legal nature of the developer

While even public companies can be unsafe vehicles for consumer investments, such companies are nevertheless subject to certain accounting controls and requirements of disclosure. The Committee finds that the employment of the foundation as a non-statutory body corporate as the vehicle for consumer investments by the parties is unacceptable.

The Companies Act contains a number of provisions which may afford a measure of protection to consumers. The Companies Act contains detailed directives concerning the types and forms of corporate legal persons, their legal characteristics, powers, constitutional arrangements, internal affairs, keeping of accounting records, publication of annual financial statements, and winding-up proceedings.

The affairs of a foundation, by contrast, can be conducted with a minimum of formalities. The combination of the formalities that are required to be observed in the management of the affairs of a company, and of the various procedures which can be set in motion to determine the real state of affairs of the company may promote the earlier detection of irregularities and of financial weakness than might be the case with less regulated entities, such as a foundation.

The management of FC/SLI

The Committee has not been able to establish the full facts behind the collapse of FC. It is clear, however, that the structure of legal relationships created by the parties was not in the interest of consumers and virtually invited a collapse. The system of accounting and management controls employed by the parties was totally inadequate for dealing with the large sums of public moneys handled by FC and SLI.

VI. Conclusion and recommendations

The legal relationship entered into by consumers was to their extreme disadvantage. The foundation is an inappropriate vehicle for the type of agreement in question. The parties' accounting, management and administrative practices were incompetent and reckless. No grounds justifying the practice in the public interest have been found.

The Committee finds that the business practice of the parties constitutes a harmful business practice. The Committee is also of the view that timeshare pooling systems in general present consumers with grave risks.

The parties have demonstrated their inability to manage an enterprise of the nature of FC and SLI, in operating a pooling system as described in section III. If the parties were to be allowed to administer a similar scheme it is likely that an unsuspecting public will be exposed to further losses. Should the parties decide to commence such a system they are, however, free to petition the Minister for withdrawal of the order which can then be considered subject to the necessary safeguards and controls.

It is accordingly recommended that the Minister—

(a) under section 12 (1) (b) of the Act declares unlawful the business practice whereby the parties administer or manage a timeshare rights pooling scheme, that is, a scheme wereby—

   (i) the parties, or any business in which the parties have any interest, acquire or offer to acquire, either on their own or its behalf or on behalf of a third party, any right to or interest in the exclusive use or occupation, during determined or determinable periods during any year, of accommodation; and

   (ii) the parties, or any business in which the parties have any interest, confer or purport to confer on any person any right to or interest in the exclusive use or occupation, during determined or determinable periods during any year, of accommodation;

(b) under section 12 (1) (c) of the Act direct the parties to refrain from the application or continuation of any business practice as described in paragraph (a) above, and to cease to have any interest in a business or type of business which applies such a business practice or to derive any income therefrom and to refrain from at any time obtaining any interest in or deriving any income from a business or type of business applying such a business practice.

1. See generally D. W. Butler Time-sharing 27 LAWSA; H. S. Cilliers, M. L. Benade, J. J. Henning, D. H. Botha and E. M. de la Rey *Company Law*, 4 ed 1982, and J. T. R. Gibson and R. G. Comrie *South African Mercantile Law* 6 ed 1988.

2. See D. F. Mostert, D. F. Joubert and G. Viljoen *Die Koopkontrak* (1972) 28.

3. See A. J. Kerr *The Law of Sale and Lease* Butterworth 1984, 163.

4. Leases for ten years or longer in respect of immovable property are, however, only effective as against a creditor or successor under onerous title if registered according to the provisions of the Formalities in Respect of Leases of Land Act, 18 of 1969.

(288)

5. Section 8 (1) Share Blocks Control Act, 1980.

6. Section 4, Share Blocks Control Act, 1980.

7. Section 7 (1), Share Blocks Control Act, 1980.

8. June 1990.

9. Clause 5.1 reads as follows: "Register a covering first mortgage bond in favour of the investor, collectively with other investors over all the properties forming part of the Flexi Club's portfolio of units, the bond to be in standard form and to contain conditions entitling the investor to call up the bond should Flexi Club fail to fulfil its obligations in terms of this agreement."

PROF. LOUISE TAGER,

Chairman: Business Practices Committee.

(28 Februarie 1992)/(28 February 1992)

KENNISGEWING 170 VAN 1992

DEPARTEMENT VAN HANDEL EN NYWERHEID

WET OP SKADELIKE SAKEPRAKTYKE, 1988

Ek, David de Villiers Graaff, Adjunkminister van Handel en Nywerheid, handelende namens die Minister van Handel en Nywerheid en van Ekonomiese Koördinering, na oorweging van 'n verslag deur die Sakepraktykekomitee met betrekking tot 'n ondersoek waarvan by Kennisgewing 18 in Staatskoerant No. 12248 van 12 Januarie 1990 kennis gegee is, welke verslag gepubliseer is by Kennisgewing 169 in *Staatskoerant* No. 13783 van 28 Februarie 1992, is van oordeel dat 'n skadelike sakepraktyk bestaan wat nie in die openbare belang geregverdig is nie, en oefen hiermee my bevoegdheid uit kragtens artikel 12 (1) (b) en (c) van die Wet op Skadelike Sakepraktyke, 1988 (Wet No. 71 van 1988), soos in die Bylae uiteengesit.

D. DE V. GRAAFF,

Adjunkminister van Handel en Nywerheid.

BYLAE

In hierdie Kennisgewing, tensy uit die samehang anders blyk, beteken—

"skadelike sakepraktyk" die administreer of bestuur van 'n tyddeelregte poelskema, dit is 'n skema waarby—

(i) die partye, of enige besigheid waarin die partye enige belang het, enige reg op of 'n belang in die eksklusiewe gebruik of besetting van akkommodasie gedurende bepaalde of bepaalbare periodes verkry of onderneem om te verkry, ten behoewe van hulleself, die besigheid of 'n derde party;

(ii) die partye, of enige besigheid waarin die partye enige belang het, aan enige persoon enige reg op of belang in die eksklusiewe gebruik of besetting van akkommodasie gedurende bepaalde of bepaalbare tydperke gedurende enige jaar oordra of poog om oor te dra.

"die partye" Summer Leisure International Ltd, Die Flexi Club Foundation, mnr Lawrence Lodewyk Botes en mnr William Leonard Spencer Nosworthy.

NOTICE 170 OF 1992

DEPARTMENT OF TRADE AND INDUSTRY

HARMFUL BUSINESS PRACTICES ACT, 1988

I, David de Villiers Graaff, Deputy Minister of Trade and Industry, acting on behalf of the Minister of Trade and Industry and of Economic Co-ordination, after having considered a report by the Business Practices Committee in relation to an investigation of which notice was given under Notice 18 published in Government Gazette No. 12248 of 12 January 1990, which report was published under Notice 169 in *Government Gazette* No. 13783 of 28 February 1992, and being of the opinion that a harmful business practice exists which is not justified in the public interest, do hereby exercise my powers in terms of section 12 (1) (b) and (c) of the Harmful Business Practices Act, 1988 (Act No. 71 of 1988), as set out in the Schedule.

D. DE V. GRAAFF,

Deputy Minister of Trade and Industry.

SCHEDULE

In this Notice, unless the context indicates otherwise—

"harmful business practice" means the administering or managing of a timeshare rights pooling scheme, that is a scheme whereby—

(i) the parties, or any business in which the parties have any interest, acquire or offer to acquire on their own or its behalf or on behalf of a third party, any right to or interest in the exclusive use or occupation, during determined or determinable periods during any year, of accommodation; and

(ii) the parties, or any business in which the parties have any interest, confer or purport to confer on any person any right to or interest in the exclusive use or occupation, during determined or determinable periods during any year, of accomodation;

"the parties" means Summer Leisure International Ltd, the Flexi Club Foundation, Mr Lawrence Lodewyk Botes and Mr William Leonard Spencer Nosworthy.

PLEASURE FOODS FM 28/2/92 (288)

Slowdown in fast food

Pleasure Foods has been a disappointment to Anglovaal's branded food interests. Housed in National Brands, they include dominant players in the biscuit and salt market and large players in tea, coffee and spices.

Earnings have risen sixfold since 1986, but

FM 28/2/92 (288)

fast-food subsidiary Pleasure Foods has lagged. Its EPS slipped from 8,4c in 1988 to 2,6c in 1990. It recovered in financial 1991, to 11,2c, but that proved short-lived. December interim EPS fell by 35% to 3,7c.

Demand for fast food, a discretionary purchase, has fallen considerably during the recession. But sales have also fallen because Pleasure Foods has trimmed back. Like competitor Interleisure's food division, it has been franchising company-owned outlets.

The Milky Lane and Golden Egg franchises are still lifting sales in real terms. But Pizza Hut, after just a year in profit, is back in losses, after a special contribution of about R500 000 to the marketing fund, and start-up costs for four new branches.

Chairman John Bryant says the listing is no longer appropriate, because of the share's limited tradeability. But in the three months to January 166 000 shares changed hands.

That may be less than 0,5% of issued equity but there are several counters that did not trade a single share in that time. However, National Brands holds 72,4% of the listed equity, and 36 shareholders 98%.

Tradeability might not be of concern if Pleasure Foods was visibly doing well.

National Brands has been sitting on a cash pile since it sold its 16,4% of Cadbury Schweppes to Tempora for R177m. The bid to minorities will cost R16m, barely denting this. At 125c, it's a price exceeded only in mid-September, soon after the encouraging year-end results.

Stated NAV is 136c, but almost 90% of "fixed assets" is trademarks. Tangible NAV is 24,3c. Pleasure Foods does not expect any short-term improvement in earnings, so if first-half earnings are repeated the take-out price represents a generous p:e of 16,9.

Minorities should have no difficulty accepting. Unfortunately, as National Brands is unlisted, it can't offer the option of swapping for National Brands paper, which would undoubtedly command a high rating.

After the delisting, National Brands will be free to rationalise Pleasure Foods away from the public eye. Losses from Pizza Hut amount to very little in the greater group, but must cause some embarrassment.

Stephen Cranston

Sorting out the mess

288

Any offer of an unusually high rate of return — whether it's by a savings scheme, a unit trust, bank or any other investment vehicle — sends one message loud and clear: be careful.

By chasing returns one to three points above average, the 20 000 investors in the failed Masterbond group missed that message. Now they are caught up in a complex financial web that will take months, probably years, to unravel and cost many of them a lot of money. The web's complexity was evident in the report of the Masterbond provisional curators, submitted to the Cape Town Supreme Court this month.

The Masterbond group comprised 81 companies, according to the report. It employed 205 people, operated 85 bank accounts, had a direct or indirect interest in about 50 property developments and had collected R595m from those 20 000 investors. Since the collapse in October, the curators and their staff of 40 have been picking through the wreckage to determine the viability of each project and establish precisely who invested in what.

Many of the findings in their 54-page report are unnerving:

- Masterbond used short-term investments for long-term loans, making continuous refinancing necessary;
- Major projects could not pay interest until they were completed, so interest had to be paid out of additional capital advances;
- In some completed developments, debtors were not paying bond interest but investors were being paid interest; and
- The operation tumbled because the flow of cash from investors diminished.

For most of its seven years, however, Masterbond was adept at getting cash from the public. The money usually went into participation mortgage bonds (there were 53, valued at R70,8m and involving 2 451 investors at the end of last year) or debentures (there were 54, valued at R400,5m and involving 10 026 investors).

In addition, Masterbond's money market desk invested unplaced funds on behalf of customers and a property division held interests in various developments. As of December 31, the money desk held R26,9m on behalf of 5 893 investors and the property participations involved R96,9m for 2 403 investors, according to the report.

All the money invested by the money desk was repaid on January 23. A few other bond repayments and interest payments have been made. That was the easy part.

The major task for the curators, auditor Willem Wilken and attorneys Arnold Galombik and Jozua Malherbe, is deciding on the prospects of each project in which Masterbond funds were sunk. The curators must determine whether to continue the project or call the loans and sell the property. After inspecting the group's five major schemes, the curators concluded, in each case, that immediate liquidation would hurt investors.

The five schemes are Club Mykonos, near Langebaan north of Cape Town; Fancourt, near George in the south-western Cape; Marina Martinique, near Jeffreys Bay in the eastern Cape; Phinda Land, two farms totalling 13 000 ha in northern Natal; and Silverhurst, a Cape Town residential development.

Problems at Club Mykonos helped to precipitate Masterbond's fall. The project has received the most publicity. It stands on land leased for 99 years but the lease was not registered in the deeds office and this may come to haunt investors. A partially complete holiday village and hotel were built on the site and financed by raising bonds.

Then followed a series of interwoven loan and bond transactions between the landowning company (CML Langebaan), the club, its management company and other Masterbond operations, complicated by the revenues received in the sales of shareblock and timeshare units. The curators are still trying to determine how much the club's investors will recoup. Meanwhile, no interest will be paid.

Club Mykonos ... *what they didn't know did hurt them*

Perhaps the most shocking aspect of the Masterbond affair involves not Club Mykonos but, instead, the property on either side of the club — two pieces of bare, windswept undeveloped land totalling 88,8 ha. The land was bought by a Masterbond company in November 1987 for R150 000, according to the curators. Afterwards, the company issued investors R30m in debentures that were "secured" by the property.

The company is Mykonos Weskus Beleggings, previously known as Koos Jonker Beleggings. (Koos Jonker was the chairman of Masterbond). Its current directors are Jonker, Johan Brits and Johan Winkler, who indirectly control the share capital of the company through their family trusts and their shareholding in Masterbond Trust Investment Holdings.

Rezoning and subdivision approval has not yet been received for the land, and the curators say the company has no income and cannot pay interest to the debentureholders. In fact, the curators indicate that these investors may never get their capital back.

The outlook for Fancourt is brighter. At the end of last year, 45 chalets were completed at the resort. Another 23 were partially completed and 16 of these had been sold. An additional 13 still on the drawing board had also been sold. Masterbond's interest consists of R90m in participation mortgage bonds and debentures secured by mortgage bonds.

A deal worked out by the curators will allow development to continue and leave the bonds untouched for now. They believe it's probable that some interest may be paid to investors from next month but capital redemptions are unlikely for some time, depending on continued unit sales.

Masterbond investors have R69,2m tied up in Marina Martinique. The project is undercapitalised and the curators believe that another R40m-R60m is still needed to finish it.

A search for an alternative investor is under way. Meanwhile, the project is unable to pay any interest to investors. The curators have postponed the application for liquidation until April 30.

The Phinda Land project has absorbed R42,5m in Masterbond debentures. The curators believe that investors will achieve better returns if the scheme is completed; so they are negotiating reduced interest payments, equity-conversion options, a formula for capital repayments and immediate discounted cash payments.

In their court appearance on February 12, when they submitted their report, the curators argued that investors could lose even more money if any of the eight Masterbond companies under curatorship were liquidated. They said careful monitoring and negotiating with development companies would ensure the best results for investors and creditors. Judge Patrick Tebbutt decided to extend the curatorship to August 12 and asked for a progress report by May 31.

Though the report gave little indication of when anxious investors will see some or all of their money, the curators' conclusions should work to calm some nerves. The wholesale liquidation of all of the group's developments would fetch only fire-sale prices for potentially valuable assets, especially in the continuing recession.

Instead, the more viable developments, if well-managed, may at least hold their bond values and give investors some semblance of a return before repayments can be made. Under the circumstances, the curators appear to making the best of a very bad job.

FOX FM 28/2/92

Lower volumes were exacerbated by the delay from April to December in opening the new XLPE cable manufacturing line.

Delta EMD, which produces electrolytic manganese dioxide used in dry-cell batteries, had a good export performance. There is growing international demand for batteries in small appliances, such as radios, and the Delta product meets specifications for both zinc chloride and alkaline batteries.

But Delta owes increased earnings to a 13% cut in tax, to R18,4m, and a 70% gain from associates Jasco and Valhold.

MD Evan van Zyl indicated at the end of 1990 that Delta was in an acquisitive mood. It acquired Temso, an electrical repair company in Rustenburg, in the first quarter of the year and bought the minority shareholding in Delta Cables.

This pushed borrowings to R11,7m, from R3,8m in December 1990, but borrowings will be eliminated when Delta sells its 21% interest in Valhold to Hudaco as part of a scheme of arrangement, realising R12m.

Van Zyl says that while earnings from Valhold were good, Delta prefers to invest in businesses where it has management control. Its minority holding in the enlarged Hudaco would have been even smaller.

He adds that Delta will be comfortable with gearing of up to 30% if a suitable opportunity arises. This would give it about R21m for acquisitions.

But, for any larger buy, it would make sense to go to the market, in view of the high rating: an earnings yield of 6,8% and dividend yield of 2,8%, against 9,8% and 4% for the electronics sector. *Stephen Cranston*

KERSAF FM 28/2/92

Gambling on growth

288

Led by its controlling interest in SunBop and supported by real growth in audiences at Ster-Kinekor cinemas, Kersaf has continued to raise earnings virtually at the rate of inflation.

In a difficult period, operating profit fell in Transun and the relatively small liquor interests but this was more than offset by overall increases of 25% in casino revenues and 1% in cinema attendances.

The dominant investment remains the 80% interest in Sun International, whose own interim was discussed last week. Interleisure is also a useful contributor.

Chairman Buddy Hawton says that costs, wages in particular, were under pressure. Hotel occupancies fell from 70% to 66%, trimming operating margin from 27,5% to 26,9%. Because of expenditure on the Carousel at Babelegi, which opened in November, and the Lost City at Sun City, net interest income was reduced from R16,6m to R4,5m, but this was offset by tax write-offs on the projects, which reduced the tax bill by R14,4m.

The effective tax rate was reduced from

FM 28/2/92 288

30,3% to 23,7%.

Hawton says that, at least in the short term, developments will be weighted towards southern Africa. He talks more cautiously about the ambitions to become a major force on the international leisure market, saying the market has not recovered to pre-Gulf War levels. Occupancies at Royale Resorts' three Mauritius hotels have fallen from 80% to 70% and this has been exacerbated by recent hotel openings on the island.

Royale has not expanded beyond its three European casinos and the three hotels in Mauritius. It has taken a lower profile since it sold its Comores hotel Le Galawa beach to Sol Kerzner's World Leisure Group, which helps to manage the operations in Mauritius. Royale's contribution, however, has increased, as it suffered a foreign exchange loss in the six months to December 1990.

Kersaf certainly has its hands full with its southern African developments. It will have to adapt to a new SA, in which it is likely that the homelands will be reincorporated and other casino operators could be given licences. Hawton says Sun International's developments have centred on the promotion of tourism and have made a substantial contribution by creating employment, bringing in foreign exchange and adding to the fiscus; but he accepts that licensed competition will increase.

Hawton believes that any new government is unlikely to interfere with existing casino resorts as the operating companies are already jointly controlled with the local governments, to which they provide substantial dividend income and taxes.

Net borrowings more than doubled to R392m, exceeding cash resources of about R200m. This was predicted in the annual report but should be reversed quickly after the opening of the Lost City in December.

Kersaf Liquor has merged with Union Wine and Kersaf now consolidates half of the combined Douglas Green Bellingham (DGB). But even the combined company is a minnow. Hawton says DGB is a niche player, which will look for gaps in the liquor, mineral water and beverage markets and take up import licences when they are offered. DGB's earnings were down, as volumes were down, especially in imported liquors and wine.

At R41,50, Kersaf is a little off its recent peak of R44. It sits on a p:e of 17,7 and dividend yield of 3,4%. Though expensive, there are many so-called blue chips on similar ratings which do not offer the same growth prospects. *Stephen Cranston*

GAMING GROWTH

Six months to	Dec 31 '90	Jun 30 '91	Dec 31 '91
Turnover (Rm)	904	884	1 020
Operating inc (Rm)	249	258	275
Attributable (Rm)	76	89	86
Earnings (c)	101	119	115
Dividend (c)	58	77	66

It is a dream that southern African conservationists have nurtured for many years — and now there is hope that it can be realised: the world's largest game reserve is in the making, reports **PATRICK FARRELL** of Weekend Argus

The biggest game reserve on earth

(283) ARG 29/2/92

THE first phase of a plan to establish the largest conservation area in the world has been completed by the Southern African Nature Foundation.

The plan is to increase the size of the Kruger National Park by about four times by linking it with the Banhine area in neighbouring Mozambique.

The initial idea was put forward by the Mozambican government in 1990 after talks between Dr Anton Rupert and President Joaquim Chissano.

The South African Wildlife Heritage Trust has given R75 000 to sponsor the initial feasibility study, which was carried out by Mr Ken Tinley and Mr Willem van Riet, and has now been given to Mozambique to examine.

Dr John Hanks, chief executive of the nature foundation, said the civil war in Mozambique was the biggest obstacle to the plan.

"The World Bank is interested in funding the idea which will be a fantastic example of cross-border cooperation for conservation in Southern Africa, but the war must stop first."

Mr Johan Kloppers, chief manager of research in the Kruger Park, described the link up as a "beautiful vision for conservation but with lots of problems".

"Easy access to automatic weapons, empty stomachs and the incentive to poach are going to be some of our major problems."

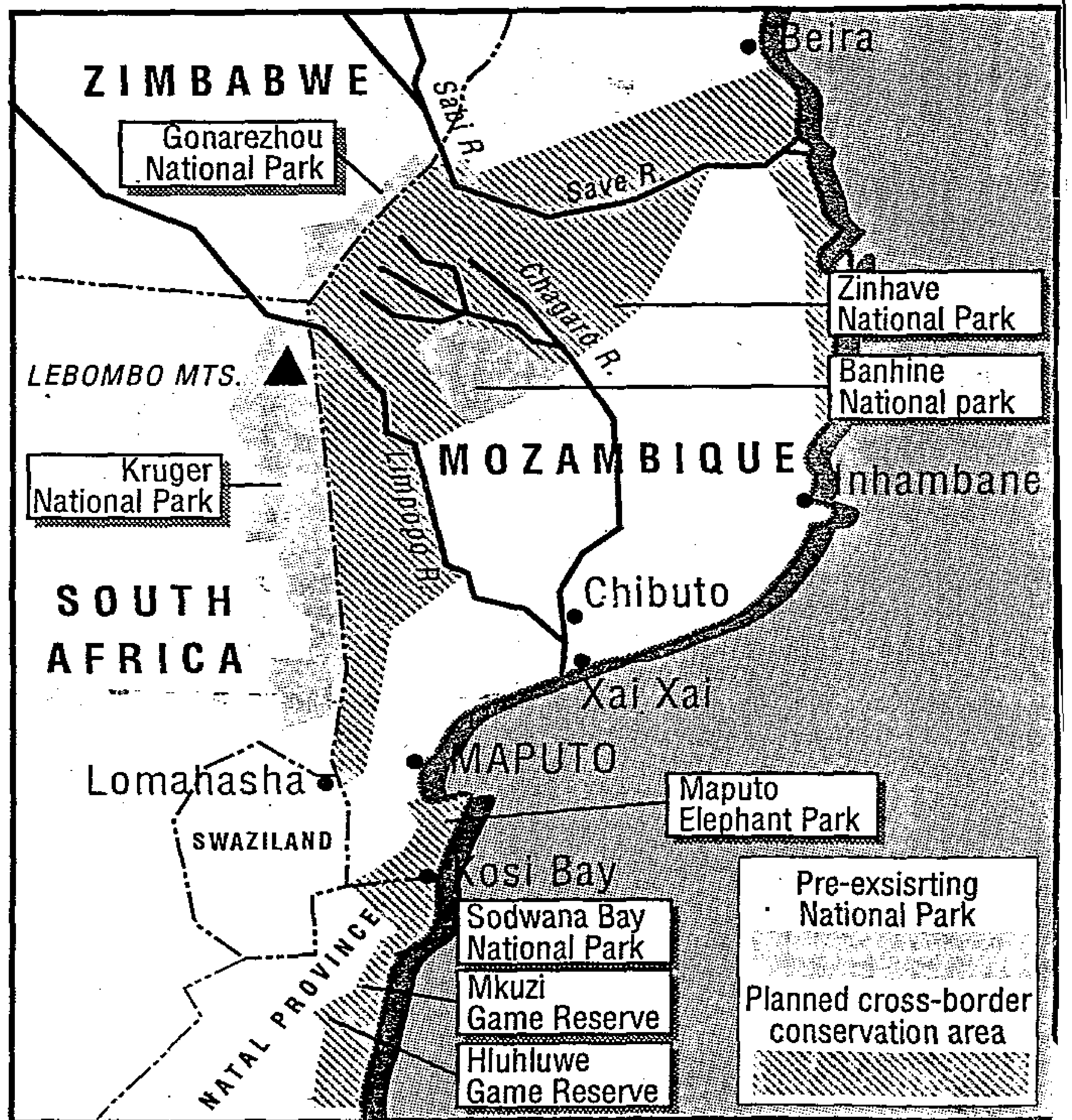
The Portuguese colonisers of Mozambique thought of making the Banhine a national park 50 years ago but nothing came of it. The area was a popular hunting area during colonial rule but the war in Mocambique has wiped out all the animals.

"This will not be a problem because the habitat is perfect; untouched with no people.

"Restocking is not a problem as long as you have the area and this one is pristine," he said.

"What is amazing is that the proposed giant park will be a complete conservation area, perhaps allowing farming side-by-side with the animals and tourism."

But the area would have to be proclaimed as a park before the displaced population could start moving back.



Map: BOB GRIERSON, The Argus

CT 3/3/92 (250)

Dutch may relax boycott

Political Staff

AN official Dutch sports delegation is to recommend the lifting of the sports boycott in some codes, the leader of the delegation, Mr W Wagemakers, said in Cape Town yesterday.

The Dutch government had set two conditions for the gradual and selective lifting of the boycott: The non-racial organisation of sport and the creation of development programmes.

His delegation would recommend the lifting of the boycott "in a couple of sports", which would be disclosed when they completed their report.

The delegation has met with co-ordinating groups, various sports codes and political groupings.

Fury at claim that Aids is hurting SA tourism

STAR 29/2/92

(288)

CAROLINE HURRY

THE national co-ordinator of Aids Coalition to Unleash Power (Actup), Warwick Allan, has reacted to suggestions from the travel industry that Aids has adversely affected tourism and that HIV patients should have their blood test results stamped in their passports.

Johan Geyer, head of research and statistics at the SA Tourism Board, stated in Travel News Weekly that Aids had already negatively affected SA tourism and could do considerable damage to the industry unless South Africa marketed itself as a medical pioneering country.

Mr Geyer suggested that advertisments should stress that, while our wildlife is wonderful, so are our hospitals.

Mr Geyer told the Saturday Star that no formal statistics had been done on how Aids was affecting tourism. "But it is my personal belief that Aids represents a huge tourism loss for Africa."

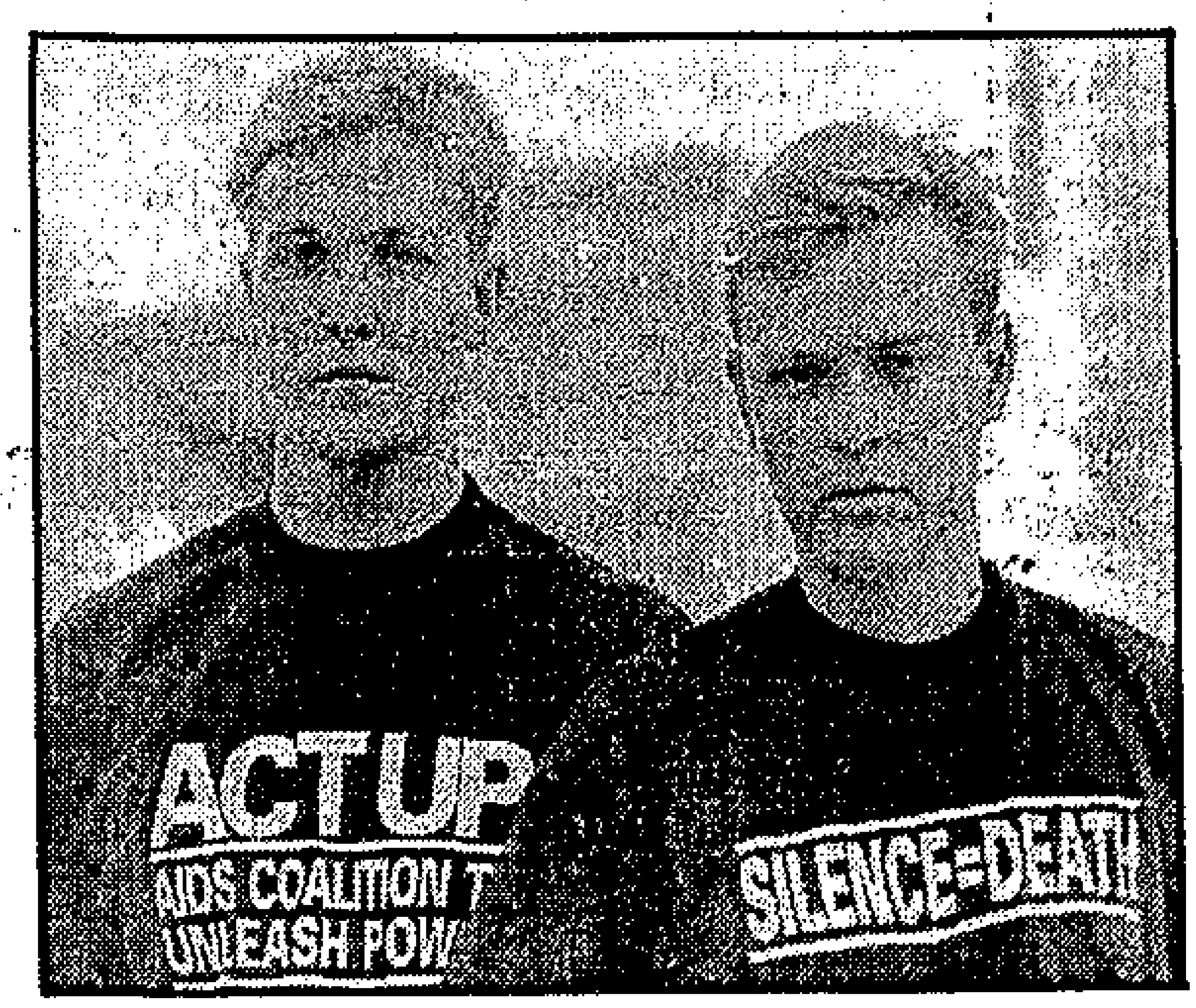
Richard Daneel, chairman of the South African Regional Travel Association Committee, (Sartac), and the Sure Travel Group in Stellenbosch suggested that HIV-positive tourists should have their blood results stamped in their passports and be prohibited from travelling in and out of their country. In this way, Aids would be confined.

Said Mr Allan: "Mr Geyer's bold statements that the HIV epidemic has affected tourism in South Africa has no research foundation at all.

"His information is not based on generated statistics, but are his own subjective beliefs. This is particularly disturbing, considering his designation at Satour.

"Furthermore, for him to propose that South Africa be marketed as a medical pioneering country is ridiculous, and clearly demonstrates how unqualified he is to comment on Aids.

"Medical care and HIV prevention programmes are of Third World standard and arguably what one might expect to find in the Dark Ages."



APPALLED: Warwick Allan and Chris Smith of Actup say comments on Aids and tourism are not based on research. ● Picture: PETER MOGAKI

People with 'taste for life' spur themselves to success

STAR 2/3/92

(288)

The Spur Group of steakhouses has successfully maintained its appeal to a broad range of consumers creating ongoing opportunities for new franchisees, says financial manager David Holtshausen.

The group now has 126 stores of which 118 are Spur steakhouses and it is advertising for franchisees for 35 new sites.

"The Cape Province tends to be well covered now with outlets, owing to our being a Cape-based company — but in the Transvaal and Natal there are vast areas we can still service," he said.

The country areas offer good potential too.

"We negotiate with landlords in selected buildings up to a year in advance of a store opening. We select sites first and then find the right person. People who want to own a Spur franchise and believe there is an opening somewhere they know of are welcome to make a suggestion. We would then check it out with a full feasibility study," said Mr Holtshausen.

The cost of entry is a R35 000 fee for trading rights to the group's various trademarks which also covers the initial six-week training programme and ongoing training support and management advice and restaurant design.

Over and above this, the incoming store owner-manager must pay for fittings and fixtures and architect's fees incurred in the setting up of the restaurant.

The owner-manager is then in a business with a proven formula, a strong track record and goodwill, and a recognisable national identity. The chances of success are good.

Promotion

Provided the homework has been done and the outlet is well sited to serve a need, the outlet should reach profitability, says the Spur Group, within the first year of operation.

For the ongoing marketing support in the form of brand promotion and advertising provided by the Spur Group, the new franchisee pays (on annual turnover) a levy of 2 percent and a further 5 percent royalty fee. In 25 years of trading from opening its first branch in Dean Street, Newlands, Cape Town in 1967, Spur's success rate for franchisees has been high.

According to Mr Holtshausen, fewer than 10 store owners have closed compared to the 118 in existence. In most cases, those that closed did so due to other commitments rather than a lack of potential.

The right candidates, according to Mr Holtshausen, are "energetic and motivated people who will make the restaurant their main priority and who will be able to work under the hectic pressure of as many as six seatings a night."

What is the essence of the Spur food concept's consumer appeal?

"The flavour and quality is great and the food is of a high standard. The management behind the franchisee are experienced restaurauteurs.

"The structure is independent and not bureaucratic so they put their energy right into making the stores go. Our slogan is very appropriate: Spur people are people with a taste for life."

Interested in inquiring about a Spur franchise? Contact Gerd Topat in Cape Town at (021) 462-1293 or Pierre van Tonder at (011) 482-2228.

Safren leisure arm eyes foreign resorts

BDay 2/3/92 (288)

LINDA ENSOR

CAPE TOWN — Safren's international leisure arm, Royale Resorts Holdings, is assessing a substantial acquisition of a Caribbean resort, newly appointed Safren deputy chairman Buddy Hawton said at the weekend.

In an interview on the release of the group's interim results, Hawton — who is also Safren CE — said other opportunities under assessment were resorts in the US, Portugal and Australia.

Shipping, travel and leisure group Safren owns 50% of Royale Resorts which has a substantial (and undisclosed) cash pile specifically earmarked for expansion projects. Hawton said the depressed state of the international hotel and tourist industry presented opportunities to make reasonably priced acquisitions.

Royale Resorts operates two casinos in France in conjunction with partners and also has direct stakes of 25% each in three Mauritian resorts. Royale contributed the lion's share of the R63,4m (R59,7m) earned by Safren from associate companies in the six months to end-December.

Earnings of the group before extraordinary items rose 11% to 133,3c (120c) and an interim dividend of 65c (60c) was declared, with an alternative of a scrip dividend being offered at an issue price of 8 250c a share on the basis of 0,78788 ordinary shares for every 100 held.

After extraordinary items, earnings more than halved to 70,3c (150,3c) because of the write-off of the R78,5m acquisition with effect from July 1 1991 of a 49% stake in international shipping group, the Compagnie Maritime Beige Transport (CMBT).

Hawton said at the time of the acquisition, CMBT was making substantial losses and it was understood it would take three to four years before becoming profitable.

"We decided to take the write-down of the investment at this stage because of the higher than expected expenditure incurred in restructuring the company." Staff had been retrenched and a lossmaking operation sold off. The business had turned out "more soft" and the difficulties more complex than originally projected.

Also CMBT's liner trades had tended to be more depressed than anticipated at the time of making the acquisition.

A significant turnaround has been forecast for CMBT for the 1992 calendar year, but Hawton said it might take some time before Safren started making substantial earnings out of CMBT because of its high level of debt. This would have to be brought down through cash flow as Safmarine would not inject further funds into the operation. Safmarine has moved in its own management team to run and rationalise the company.

● See Page 14

TOURISM FM 6/3/92 (288)

Revenge of the polecat

Predictions of a tourism boom have SA's two main rivals for travellers' money — Kenya and Australia — looking over their shoulders.

In December the Geneva-based World Tourism Organisation labelled SA and Dubai as the destinations to watch for hotel growth. And the magazine *American Hotel & Motel Management* says: "SA is well poised to serve the tourism market," adding that it "has the region's best tourism infrastructure, in ... hotels and transport network."

The magazine says Kenya now competes directly with SA for foreign tourists and concludes that Kenya's hoteliers are becoming increasingly concerned about the inroads SA is making into their traditional markets.

Australia is so worried that it is adjusting its marketing to ward off the SA threat. In Queensland's *The Courier Mail* of January

FM 6/3/92 (288)

27, Australian Tourist Commission MD Tony Thirlwell conceded: "SA has major appeal, particularly in Europe." Among the advantages he cited for SA are its wide-open spaces, abundance of wildlife "and little or no jet lag for visitors from Europe."

He has told the commission's foreign offices to "structure advertising so that differences between Australia and SA are made known to potential tourists." He also advised: "One thing we'll have to accentuate is Australia's relaxed, easy-going life style."

In the years when SA was the world's most politically incorrect destination, Australia and Kenya had an easier time diverting tourists their way. For different reasons, each could struggle to cope with the new rival.

The lifting of sanctions has brought stiff competition for many Australian export industries, and the same is in store for the tourism industry. For one thing, Australia is farther than SA from the main tourist sources of Europe and the eastern US.

Kenya is closer than SA to the US and Europe and has more well-known game parks. But the wide publicity given the long string of attacks and robberies on tourists, and fatal crashes of light aircraft with tourists aboard, in addition to nearly two years of political unrest, have hit Kenya's tourism hard.

For years Kenya boasted that it attracted more than 1m tourists a year and was the world's most popular long-haul destination. But last year, when the Gulf War added to home-made problems, hoteliers had a tough time filling their 13 000 beds (compared with SA's 47 000). The result: foreign tourist numbers plummeted to just over 750 000. This is forcing them to target other markets, where they clash head-on with SA.

But though Kenya and Australia may be getting nervous, SA's tourism revival has been slow in starting.

The best barometer is the number of visitors from Europe, who make up the bulk of foreign tourists. By this measure, SA's tourism turnaround finally began in August, when for the first time since the Gulf War, more Europeans visited SA than in the same month the year before: 30 645 versus 27 106, according to the Central Statistical Service.

The trend continued in September, when 28 575 Europeans made the trip, compared with 22 406 in September 1990. SA Tourism Board statistics for October counted 34 936 visitors from Europe, compared with 33 222 in October 1990.

In the first 10 months of last year, 276 380 Europeans travelled here, compared with 272 010 in the same 1990 period.

The big uncertainty is whether Americans, who make up a large chunk of the tourists to Australia and Kenya, will start streaming to SA. An upturn started in September, when 4 276 Americans arrived, compared with 3 533 in September 1990. October also saw a gain, to 3 858 from 3 708 in October 1990.

These modest increases do not come close to accounting for the American tourists that

continue →

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Kenya has lost; nor do they make a dent in US travel to Australia. The 37 156 who visited SA in the first 10 months of last year were less than the 39 656 in the same period of 1990. But when Americans, now staying close to home because of the recession, start to travel again, SA could see major gains.

Protea Hotels MD Arthur Gillis disagrees. After a fact-finding trip to the US last month he believes that there is far too much competition in the US from other destinations for it to supply the influx of tourists many operators here hope for, unless vast sums are spent on promotion.

"Amazing packages are available in the US for short-haul destinations, such as the Bahamas, as well as long-haul destinations," Gillis says. "Americans can go to Australia for less than half the cost of coming here."

Another complication is that 85% of the market is influenced by America's 33 000 travel agents. "They aren't clued up on SA. They regard it as an obscure destination and are loath to sell it."

Some big US hotel chains, such as Ramada and Sheraton, have been sniffing around in SA, but Gillis does not expect them to come rushing in to revive the hotel business. They would not be tempted by 49% average occupancies when their own average is 60%.

Peter Hearfield, executive director of the Federated Hospitality Association of SA (the crisp new name of the old Federated Hotel, Liquor & Catering Association of SA — Fedhasa), concurs: "There is no magic that US hotel chains can bring that will give them the edge over local operators. They may enjoy a bit of brand loyalty, but they will have to operate under the same constraints as locals and accept that 90% of hotel business in SA is generated in SA." ■

PROPERTY

Stocks plans package to protect timeshare

B Day 11/3/92

THE Stocks Group is working on a package to protect the interests of timeshare owners in the first phase of the Kruger Park Lodge after work was halted and the developer placed in liquidation. (288)

Of the 65 chalet units planned for the first phase, 50 had been completed by the time work stopped, five were incomplete and 10 had not been started.

Stocks intends buying all unsold shares for R4,5m, with a commitment to complete phase 1 work at an additional cost of about R3m.

"Despite the problems in the industry, timeshare is here to stay and we believe this project has good potential," says Stocks Leisure director Peter Foaden.

Stocks Leisure, the resorts and hotel arm of the construction group, runs the KwaMaritane and Bakubung resorts in the Pilanesberg National Park.

Foaden has met timeshare owners in Johannesburg to explain the rescue package. The group has secured an option to buy Farm Sandford near the Sabie river.

"The 107ha at the lodge provide plenty of room to turn the nine-hole golf course into an 18-hole Gary Player course, which will make it easier for us to market hotel accommodation as well as timeshare sales at the resort," he says.

Hotel occupancy linked to timeshare marketing is a trademark of Stocks Leisure resorts, which believes the two work for each other.

The hotel element ensures the developer has a permanent interest in ensuring standards are maintained, Foaden says.

"Owners become an integral part of future operations and are important stakeholders. This partnership gives them added security and peace of mind, which are important considerations in the present market climate," he says.

Satour shakes off demonstrations

THEO RAWANA (288)

SATOUR's stand at the Internationale Tourismus Borse (ITB), a major travel fair taking place in Bonn, had been free of demonstrations for the first time, Satour executive director Spencer Thomas said from Berlin yesterday. BDay 12/3/92

A total of 66 tourism companies were currently representing SA.

Thomas told his Pretoria office the experience at the "biggest travel fair in the world" indicated how much attitudes towards SA had improved.

"The SA delegation appears to be happy with business generated so far, although there have been some reservations about the outcome of the SA referendum on March 17.But overall, this can be regarded as a very successful exhibition," said Thomas.

More than 4 000 exhibitors and 156 countries were exhibiting at ITB. About 30 000 people were expected to vist the fair which ends today.

TIMESHARE RESORTS (288)

FM 13/3/92

Lodging a rescue plan

Stocks Group — developer and operator of the Kwa Maritane and Bakubung timeshare resorts in the northern Transvaal — has embarked on a rescue plan for the Kruger Park Lodge in the eastern Transvaal.

continue →

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Its plan is to protect the interest of timeshare owners, mobilise financial resources to complete Phase 1 of the project and unlock potential.

Kruger Park Lodge — developed by the Willem Bester Trust, now in liquidation — occupies 66 ha of what was Perry's Farm in Hazyview. The lodge fronts the Sabie River with an entertainment area on an island.

Phase 1 consisted of 65 chalet units, 50 completed by the time work was halted; five were incomplete and 10 had not been started.

Stocks is structuring a formal scheme of arrangement that could be presented to a meeting of creditors. A meeting of timeshare owners in Johannesburg has had the rescue package explained to it. Essentially, it is an offer to buy all unsold shares for R4,5m, with a commitment to complete all Phase 1 work at an estimated additional cost of R3m. This includes completion of a nine-hole golf course.

Director Peter Foaden, of Stocks Leisure — the resort and hotel arm of the construction group — says that in a situation where a timeshare project hits financial difficulties during the development phase, any company putting together a rescue plan has to assure shareholders the requisite financial resources are available. "This, we have done. But it is not enough to secure a promising location — you have to look ahead to see how best to unlock all the potential."

So Stocks has secured an option to buy Farm Sandford on the other bank of the Sabie. The 107 ha there will provide plenty of room to turn the nine-hole course at Kruger Lodge into an 18-hole Gary Player course to transform the resort into a magnet for golfers and a potential venue for big-money tournaments.

This added attraction would make it easier for Stocks to market hotel accommodation as well as timeshare sales. Coupled with the conference facilities typical of Stocks' hotel developments, the mix may just work as it has done, and well, at Kwa Maritane and Bakubung. ■

Overseas arrivals in SA boosted by marketing

THEO RAWANA 288

SA's growing acceptability as a tourist destination and Satour's marketing initiatives had boosted the overseas arrivals figure for November last year by 28,4% when compared with the same month in the previous year, Satour said yesterday. B/Day 13/3/92.

Overseas arrivals last November totalled 59 850, as against the 46 624 who arrived in November 1990.

Satour said in a statement one of the main results of political reforms in SA was that foreign airlines had intensified their marketing of SA as a destination, and that much of this marketing was done in co-operation with Satour and SAA.

This enabled Satour to broaden its marketing thrust and gain greater penetration in existing and new markets, the board said.

The most significant increase in foreign arrivals came from Asia, where various joint marketing campaigns between Satour, SAA and China Airlines, and between Satour, SAA and Cathay Pacific, respectively, resulted in an average 87,6% increase.

"Taiwan, with an increase of 122,4%, is a particularly vibrant market, although Japan, with an increase of 46,3%, is also growing," Satour said.

The joint advertising campaign which Satour launched with SAA in the UK in June last year — aimed at niche markets to promote tourism in slow local periods — resulted in an increase of 23,3% over November 1990, said Satour.

Hotel group may invest in SA

BDay 13/3/92 (288)

MARCIA KLEIN

INTERNATIONAL hotel group ITT Sheraton is considering entering the SA tourism market.

ITT Sheraton vice-president for Europe, Africa and the Middle East Michael Prager, who is visiting SA, said yesterday competition from major local hotel groups, as well as the complete relaxation of the Comprehensive Anti-Apartheid Act, would be determine whether his company would invest.

Although the group was looking at SA, Prager said no investment decisions had been made.

ITT Sheraton has about 450 owned, leased, managed and franchised properties in 62 countries, and says it has more rooms in more countries than any other chain.

The group recently acquired the Prince de Galles in Paris and seven all-suite hotels from Marriott in the US in the largest transaction in ITT Sheraton's history.

According to the group, this was "a significant step in ITT Sheraton's aggressive global development plans and supports the company's objective of having a strong presence in virtually every major business centre in the world".

In southern Africa, it is represented in Zimbabwe and Botswana.

About 22-million people visit ITT Sheraton hotels each year, and the group employs about 125 000 people.

Last week ITT Sheraton received the Travel Trade Gazette Europa award for the best worldwide hotel group for 1992.

Tourism set for 18% rise

STimes (Buss) (288) 15/3/92

By ZILLA EFRAT

SOUTH Africa's inbound tourist trade is forecast to grow by about 18% this year.

Satour chairman Pieter van Hoven hopes for an extra R400-million in foreign currency, excluding the cost of airline tickets.

SA is increasingly being seen as an acceptable destination, but two moves by the Government could give tourism an added boost.

Transport Minister Piet Welgemoed is expected to announce a new international civil aviation policy for SA soon.

A steering panel has been putting the final touches to a report which could have far-reaching implications for foreign airline and charter traffic to SA.

Tourism and Administration Minister Org Marais is expected to table a White Paper laying the foundations for tourism development.

But Mr Van Hoven does not expect tourism promotion to get a major financial injection in Wednesday's Budget.

As a result, Satour is examining longer-term options, mainly for the private sector to fund its increased marketing effort.

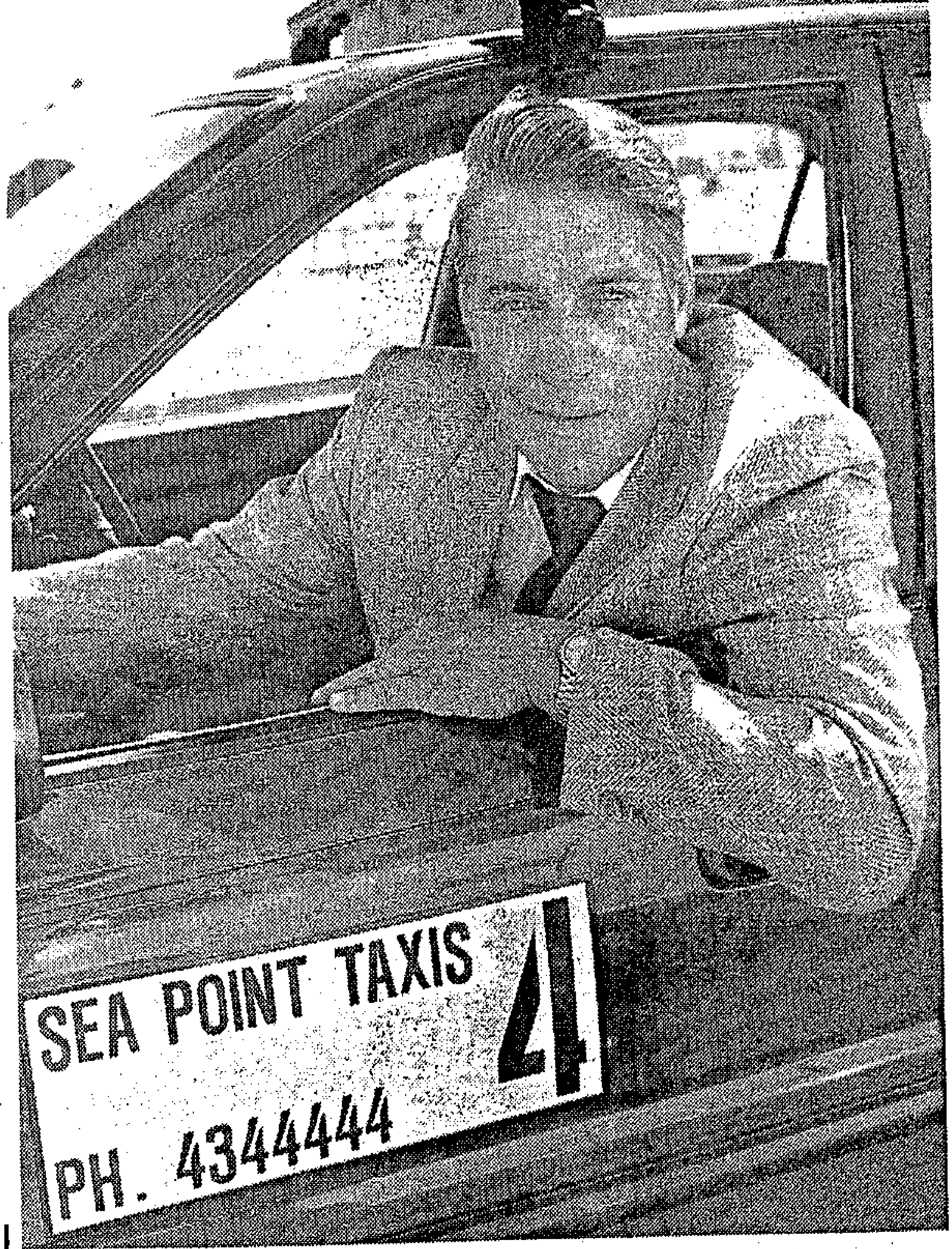
To take advantage of the new tourism opportunities, Satour is being restructured. Some offices are being rationalised or closed.

Its emphasis has switched from marketing to development.

Tourism accounts for about 1% of SA's gross domestic product. Foreign-currency earnings were about R2,5-billion in 1990.

Mr Van Hoven says if SA's tourism is brought in line with the international average of 9,3% of GDP, it could bring additional foreign currency of R20-billion a year.

Tourism, a labour-intensive business, can provide more jobs.



UNFARE ... concerned cabbie Ernest McDonald says some taxis in Cape Town are overcharging tourists **Picture: TERRY SHEEN**

Taken for a ride by rip-off taxis

2288

S Times (CM) 15/3/92

A CAPE TOWN taxi fleet owner has hit out at the wide range of cab fares in his city resulting in tourists and locals being charged fares ranging from R2,60 to R4 a kilometre.

This means that a trip from the city to the popular Waterfront can cost anything from R12,40 to R22, and an airport journey between R58,20 and R94.

Mr Ernest McDonald, who charges the lower tariff and doesn't believe either tourists or locals can afford higher fares, says that many hotels, which get 20 percent commission on taxi fares initiated by them, call the more expensive cabs in order to collect higher commissions.

Other hotels, he claims, use the more costly taxis in exchange for staff being taken home free.

"Guests are paying more so the hotel can get a higher rake off," he said.

"Taxi-users don't realise there are up to nine fare rates in Cape Town. As well as variable rates per kilometre, start fees differ, as do charges for the first kilometre.

"So they often pay more than necessary. Passengers could also be in a difficult position if they assume the fare on a homeward journey will cost the same as on the outward journey.

"They could find themselves with not enough cash to pay the taxi home and end up at the police station.

"I don't want to put my fares up, but I may have to, just to get business from hotels so they continue to earn a higher commission."

He said that discussions with many interested tourist parties in Cape Town, including hotel and tourist associations, to try to rationalise fares had been unsuccessful.

"They don't seems to understand the problem, maybe because they are not taxi-users."

I contacted Captour, the organisation in charge of tourism in the Cape, to ask if it was aware that tourists could be spending more on taxis than necessary.

But its chief executive officer, ex-mayor Mr Gordon Oliver, is overseas, "and no one else can speak to the media" according to his secretary.

(That seems a bit daft to me, right in the middle of Cape Town's tourist season.)

However, the Cape Sun's general manager Mr Simon Morpuss was aware of the situation and had already taken steps to combat it.

"For this reason we put our taxi business out to tender four months ago to ensure professionalism and consistency on tariffs and cleanliness.

"Since then feedback from guests has been positive. We can now keep a firm control. In the past, using a wide range of taxi companies we never knew which company was to blame for complaints."

Just be aware, folks, that when you call a cab in Cape Town, you need to ask the cost.

Sol predicts tourism billions

CT 16/3/92 (288)

By TONY JACKMAN

SUN CITY. — Tourism will bring foreign earnings of between R5bn and R10bn to Southern Africa within the next five years.

This was predicted by Sun Bop King Sol Kerzner at the roof-wetting ceremony here of the R750m, 26 ha Lost City resort complex, which is expected to be counted among the ten most fabulous resorts in the world.

The revenue that the Lost City would draw would benefit "the future of all of us in South Africa", Kerzner said.

B E Keikelame, the Minister of Economic Affairs for Bophuthatswana, said Bophuthatswana had become "the market leader in tourism in Southern Africa", and the Lost City development was the biggest of its kind presently under construction in the world.

Tourism gearing up to be major GNP contributor

B/Day 17/3/92

(288)

THEO RAWANA

INSPIRED by tourism's potential as a top income generator, the SA Tourism Board has set itself the task of bringing this sector's share of the GNP to the world average of 5,5%.

"There are lots of positive trends for the achievement of this goal," said Satour chief director (tourism promotion) Ernie Heath.

Tourism last year contributed only 1% of the GNP, he said.

"With the new political climate and good publicity, the world's airlines are converging on SA and the world travel market is well disposed towards SA".

Heath stressed, however, that violence was a major concern because the industry was very sensitive to any perceived or actual threat to personal safety.

The Strategic Framework for Tourism Development in South and Southern Africa, developed by Satour in collaboration with the Development Bank, looks at the economic impact of tourism, rating it as a major source of foreign exchange earnings. In 1990, the industry earned R2,5bn.

The document, published last year, said domestic travel was worth an estimated R3bn annually, "and directly worth far more than that because of the multiplier effect of such expenditure".

Besides being a cost-effective job creator, the industry could create opportunities for formal and informal entrepreneurial activities nationally and regionally, it said.

Heath said the report, a long-term plan for tourism, represented the board's repositioning to exploit the broad local and international travel market.

"It is a new holistic approach with a unified vision and focus, seeking co-ordination in the areas of development, marketing and overall management of the industry."

The document proposes key structural adjustments to ensure tourism develops in an orderly and balanced manner to the benefit of all South Africans.

The framework was developed through consultation with stakeholders involved in and influenced by tourism development, said Heath.

"It is a bottoms-up approach whereby information was acquired from communities, instead of the other way round.

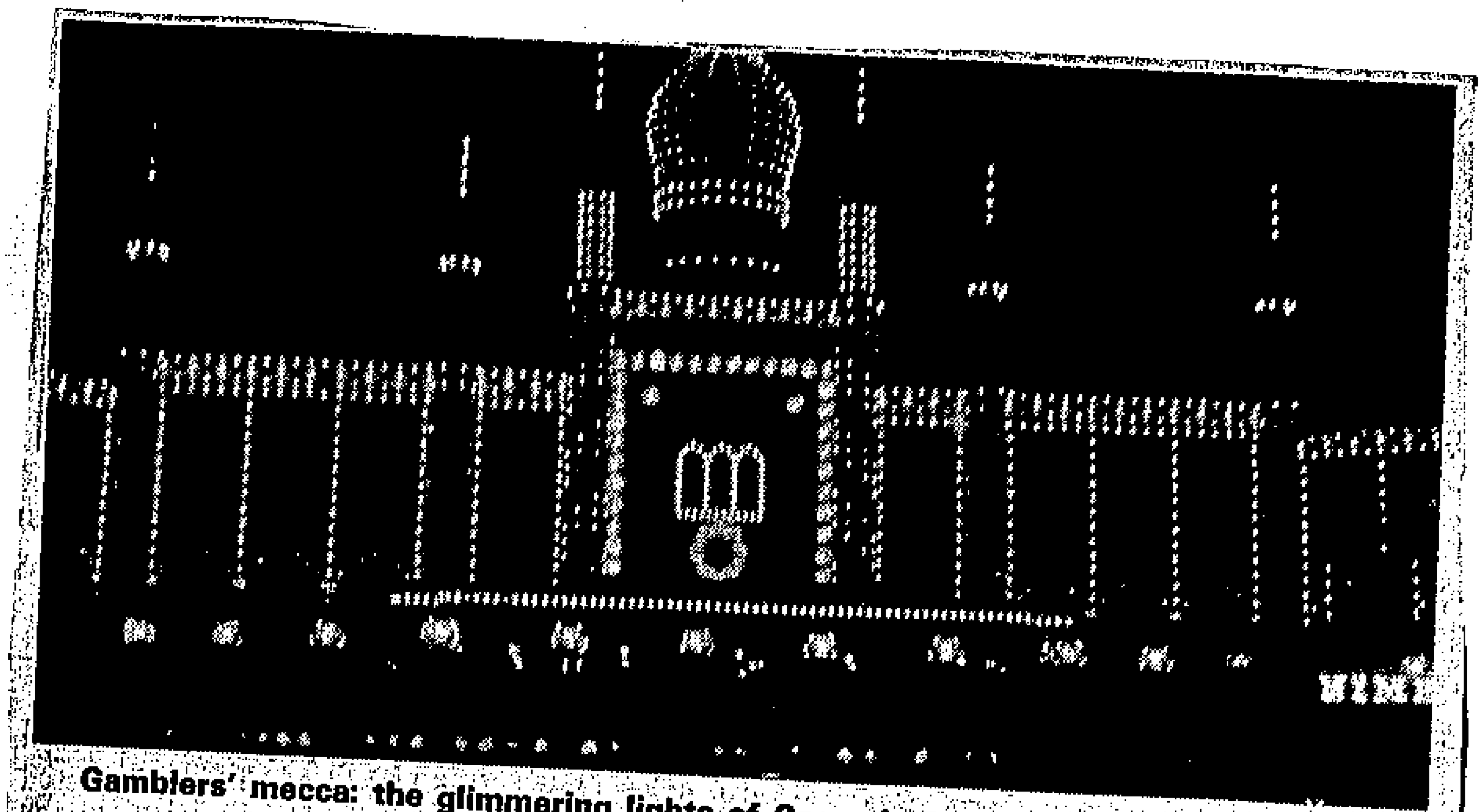
"That way we are able to optimise what communities have, thereby also introducing the cultural aspect of SA tourism."

Many entrepreneurs, including taxi owners and tour guides who will play a bigger role in tourism, will be able to work with Satour's regional offices, Heath said.

"The objective is to sell SA with its wildlife, scenic beauty and the people. We wish to broaden the experience of the tourist, spread it to alternative places and times ...." The strategic framework said linking SA to the rest of southern Africa would greatly enhance its tourism resources.

Through public relations exercises and various other marketing activities, Satour aims to get to the overseas tourist and sell SA's wildlife, people, diverse cultures and weather.

"Satour's primary goal is to ensure responsible tourism development, standards promotion and marketing of SA as a unique and quality destination to the benefit of the entire community, while conserving culture and environment," said Heath.



Gamblers' mecca: the glimmering lights of Caesar's Palace in Las Vegas, Nevada.

Tourism could take off in SA once defects are overcome

BDay 17/3/92

288

TOURISM could be one of South Africa's top industries within the next few years if everything goes well, says Keiser and Gentry MD George Keiser.

K&G is involved in the corporate market — 85% of its business is corporate travel, with the remaining 15% split between incoming tourism and private travel for corporate clients.

Keiser says he does not want to change the corporate emphasis of the firm, but foreign tourists visiting SA represent a potential market — and K&G will get involved because of its connections with overseas travel companies.

"Once things like the referendum are over, we want to put an emphasis on incoming tourism," Keiser says.

"We will seek to promote SA through our partners overseas."

K&G is researching the possibility of opening an office in Switzerland — the heart of Europe — to promote tourism to SA.

The company already has associates across the world.

There are people who come regularly from overseas, with itineraries arranged by K&G — golfers over for places like the Wild Coast Sun, Fish River Sun and Sun City, and touristscoming to see the wildlife and natural beauties.

But, according to estimates by Satour and many travel firms, the number of foreign tourists could explode.

But Keiser says the SA tourism industry needs to address a number of defects in its infrastructure.

GEORGE KEISER

Problems include a lack of suitable hotels in key areas — for instance the Garden Route and Cape Town in high season — and the inadequacy of coach tour operators.

"Package tours will have problems with hotel accommodation on the Garden Route," Keiser says.

"For example, in Plettenberg Bay there are only two tourist hotels — and in the high season they are half-filled with timesharers."

Satour is addressing the problem by looking at the ways SA could cope with more tourists and a hotel chain of international repute could invest in building a hotel in SA "once things settle down".

Surge in tourism predicted

(288)

LINDA ENSOR

CAPE TOWN — SA's tourist industry aimed to increase the contribution of tourism to GNP from less than 1% now to the world average of 5,5% within five to six years, Satour tourism promotion chief director Ernie Heath said yesterday.

This would bring the value of the industry from 1990's R5,5bn to R20bn. In 1990 foreign exchange earnings from tourism amounted to R2,5bn and domestic tourism was valued at R3bn.

Heath said at a news briefing there was increased international awareness of SA as a long haul destination.

He expected the tourism industry to grow by 15%-20% this year, bringing in between 80 000 and 100 000 new tourists and creating more than 10 000 new jobs. However, this was dependent on the political situation remaining stable and on personal safety being guaranteed.

With a constant growth between 10% and 12% up to the year 2000, a prediction of 3-million foreign tourists could be made for that year. This was based on the number of tourists from overseas and Africa, which represented 51% and 49% respectively, he said. BDay 25/3/92

The effect of apartheid and violence on tourism was evident in the slump in international arrivals (excluding Africa) to 1,14% between 1975 and 1989 from 19% for 1958 to 1975.

Heath said the industry could make a significant contribution to socio-economic upliftment, especially as it was a labour intensive industry with a strong multiplier effect and could earn foreign exchange.

In June last year Satour, with the Development Bank of Southern Africa, released a report on a framework for tourist development in southern and South Africa which stressed the significance of the industry.

Naccasa calls for peace

Sowetan 26/3/92

286

THE National Association of Cooperative Societies of South Africa (Nacssa) has appealed for peace, stability and community support.

This was done in order to bring a spirit of entrepreneurship through burial societies, women's and meholisano clubs.

"Let us stop the violence in the country and grow our economy," Nacssa's executive director, Mr Sam Muofhe, said at a function this week.

He presented cheques to the value of R5 800 to bereaved families of members of the Nacssa Funeral Scheme who were killed in acts of violence in Meadowlands last week.

The cheques were received on behalf of Mr Samuel Matlou of the Know Your Neighbour Burial Society and Mr Steven Vilakazi, a member of the Tunguru Investment Club.

Moufhe paid tribute to the role played by the victims in their societies as well as their contribution made by all victims of violence in the country.

"Your spirits will encourage us to forge ahead in developing burial societies, women's and meholisano clubs during these trying times," he said.

He added that the societies could be used to the benefit and future well-being of not only the black community, but the South African economy.

"We have seen the horrors of massive unemployment and retrenchments cripple the economy because of apartheid," he said, adding: "We have witnessed the slow death of communities - black and white - dependent on the growth of the economy."

He also appealed to the Government, Codesa, Peace Accord, political parties, business and liberation movements, to speak out against violence. Very few business people in the informal sector could afford to carry out their operations in the wake of the violence, he said, reiterating the call: "Let us stop the violence."

Move to improve hotel standards

(288)

Sowetan 27/3/92

WITH the runway being cleared for Virgin Atlantic Airways to fly at cut-rate prices from London to Johannesburg and Durban daily, South African hotels will match standards within six months.

The Federation of Hotel, Liquor and Catering Associations of South Africa's Natal president, Mr Alan Gooderson, said that given the business, the industry would have world-class standards.

"That is not a problem," said Gooderson in reaction to news that Virgin Atlantic will be introducing its Britain-South Africa service in October.

He was also responding to comments by leading tourism expert Mr Dries de Waal that local hotels are not up to world standards.

Gooderson said most South African hotels were not up to standard was because the industry was starved.

"We average an occupancy rate of 49 percent and, while we might lack world class, we are not that far behind.

"With a boost of visitors from Virgin Atlantic Airlines' cut-price rates, we can expect up to 40 percent of those coming here to live in hotels."

Meanwhile Mr Richard Branson, the airline's owner, has been feted by the South African business community.

Besides getting from one business meeting to another, Branson has been flitting from one plush dinner to another.

He said he was absolutely delighted by the positive approach of South African Transport Minister Mr Piet Welgemoed.

"I pledge that in return I will exert all my influence on the cricket authorities to make the rules of the World Cup cricket as fair as the Minister's plans for South Africa's aviation," quipped Branson.

The paperwork is still being done by the Department of Transport, but Branson believes this is a mere formality.

The return fares are expected to be just over R1600.

Foreigners flock to Rand Show

DARIUS SANAI

THIS year's Rand Show is attracting 10 times more foreign exhibitors than last year's, according to Rand Show spokesman Johan Theron. B|Day 27/3/92

But despite displays from more than 250 foreign companies representing 34 countries, only two US firms are exhibiting, Theron said this week.

Atlanta-based BKT International and Detroit-based Rexair — a vacuum cleaner manufacturer — will be the only direct representatives of US industry.

Theron explained the dearth of American firms by saying the US was a world in itself. "Many American firms have not yet woken up to trade opportunties with SA," he said.

There were approximately 25 foreign firms at last year's Rand Show. Theron said it was hard to calculate exact numbers because some came under the wing of their national chambers of commerce, or government departments.

Two Moscow-based firms would be exhibiting, and also seeking to become agents for the importation of SA goods into Russia, he said.

Most of the foreign firms were there to promote exports to SA, but many were also interested in importing SA goods.

Hotel groups size up the SA option

(288) B|Day 27/3/92

DARIUS SANAI

LONDON-based luxury hotel group Hilton International (HI) was "seriously interested" in extensive investment in SA, Hilton spokesman Catherine Lord said yesterday.

And Gillian Goldman, local PRO for the US Hyatt group, said yesterday the group was "very interested" in hotel sites in SA, with Johannesburg's northern suburbs being an obvious target for development.

Goldman said a Hyatt hotel in such an area would probably have to be built from the ground up, and would charge rates similar to those charged by the group worldwide — more than R1 000 a night per single room.

But a senior director of another top international chain, Intercontinental Hotels, said yesterday that the group's "definite and advanced plans" to build a R130m, 350-room five-star hotel in Sandton had been scuppered by the "archaic" practices of SA financial institutions.

Senior development vice-president Hans Worms said yesterday the group could not come to a satisfactory agreement with SA pension funds on the financing of the project.

"SA institutions want a straightforward lease, which is not how we run our operations anywhere else."

Intercontinental's intention to build a hotel on Cape Town's new Waterfront development project was given up after "complicated local politics", Worms said.

Lord said Hilton International was reviewing a number of possibilities for extending its 153-hotel chain to SA, including constructing new hotels, she said.

Senior management from the Hyatt group are due to return next month after their December visit.

Several other hotel groups are looking into buying up and constructing hotels and resorts in SA.

Spokesmen for several hotel groups said privately that the service and management standards offered by their hotels would be in a different league — but so would their prices.

Sheraton Hotels marketing vice-president (Africa) Mike Prager said state and local sanctions inhibited the US-based group from developing in SA at the moment.

He said the protectionism engendered in SA by sanctions made entry into any section of the SA market difficult, and the monopolistic position held by "our one potential competitor" (Southern Sun) caused added complications.

"But there's room in the market for more than one group," he said.

Major tourism consultancy for SA

B|Day 27/3/92 (288)

LINDA ENSOR

CAPE TOWN — Greene Belfield-Smith (GBS), the world's largest tourism and leisure consultancy, has set up in SA as the specialist tourism and leisure division of Deloitte Pim Goldby Management Consultants.

GBS, owned by accounting and consulting firm Deloitte Ross Tohmatsu, has an international network of 530 offices in 105 countries with 65 000 partners and staff.

Its clients include Boeing, Cunard, Hyatt, Thomson Travel and the London Tourist Board. The SA office, with headquarters in Cape Town and offices in Johannesburg and Durban, is GBS's launch into Africa.

GBS senior partner Dries de Vaal said yesterday the opening of an SA office represented an international vote of confidence in SA's tourism potential.

He said the SA division hoped to pick up all opportunities for developing tourism by consulting companies and local, regional and national government, adding that it would actively lobby the SA government for a contract to draw up a tourism marketing strategy.

"Substantial foreign interest in the form of development aid and private investment should be available to develop southern Africa's tourism and leisure industry assets provided SA is prepared to commit itself to a free economic order and investor security — and providing SA can demonstrate it has an implementable and coherent tourism development strategy," De Vaal said.

GBS SA director Pierre Tredoux said there was widespread speculation that major sports events would be moved to SA and the 2004 Olympics was not an unrealistic possibility.

De Vaal said SA at present only received about 500 000 foreign tourists, excluding those from neighbouring countries, a small proportion of the world's total which could easily be increased to the 2-million hosted by Australia. Only a few of these tourists visited Cape Town.

"SA has a tremendous product and it would not be difficult to increase the numbers provided it is marketed properly," De Vaal said.

He pointed to deficiencies in infrastructure, namely airports which were not up to international standards, insufficient hotel rooms, insufficient luxury coaches and the lack of a convention centre.

plc

Hong Kong financiers buy Arena entertainment lease

BD 30/3/92 (2887)

LINDA ENSOR

CAPE TOWN — The lease for the Arena entertainment complex on the outskirts of the Waterfront development at Cape Town's harbour has been sold to a consortium of Hong Kong financiers.

The complex, adjacent to the Mission for Seamen building and next to the Waterfront's dance and drama school, is a popular late night venue consisting of three restaurants, five bars and several discos.

The Hong Kong consortium announced last week they had invested about R80m in property-related projects in SA, including heavy investments in housing developments in Stellenbosch and Paarl.

Victoria & Alfred Waterfront MD David Jack confirmed yesterday that the consortium had purchased the lease and that the V & A had agreed to the cession by the previous consortium which had leased the buildings from the V & A.

He said the previous consortium had placed itself in voluntary liquidation when one of the syndicate members failed to put up finance as promised. Jack said the Hong Kong consortium had indicated it would continue to operate the Arena with the same management and did not believe the entertainment complex conflicted with the Waterfront development.

the processed food sector.

Govt probes councils' debts

B/Day 31/3/92

THEO RAWANA

GOVERNMENT is investigating the more than R1,15bn black local authorities are owed, the Local Government and National Housing Department has said.

A spokesman confirmed yesterday that a task group under the chairmanship of Finance director-general Gerard Croeser, which started investigations in the middle of last year, would advise government on the matter.

The spokesman could not say how much local authorities owed, but the latest Race Relations Review said the amount residents owed to black local authorities as a result of rent and service charges boycotts had increased from R746m in 1989 to R1,15bn in 1990.

Local Government and National Housing Minister Leon Wessels said: "The debt involves, among others, debt of local residents to black local authorities, debt of local authorities to financial authorities and debt to bulk suppliers."

Wessels said claims that government intended to burden white local authorities with the insolvent estates of black councils were and oversimplification.

The task group would advise government, which would — in consultation with organised local government and other interested parties — handle the question of debt "in a manner which will promote the establishment of viable local authorities".

Sapa reports that the Civic Associations of the Southern Transvaal (Cast) yesterday both welcomed and criticised the appointment of the task group.

Cast general secretary Dan Mofokeng said although the association welcomed the appointment of the task group, it took "strong exception to the idea that Indian and coloured management committee(s) are immune from the investigation".

Cast also criticised the exclusion from the task group of members of "the disadvantaged communities who have been subjected to mismanagement and his rent and service bills".

"We believe that the perpetrators of financial mismanagement cannot investigate themselves. A neutral body can deal effectively with that investigation," Mofokeng said.

"We demand that all black local authorities and Indian/coloured management committees should disband," he said.

Much hinges on tourism White Paper

B/Day 31/3/92

GERALD REILLY

(288)

The long-awaited White Paper on tourism would be available for publication in two weeks' time, a spokesman for Administration and Tourism Minister Org Marais said yesterday.

Tourism industry spokesmen said yesterday the future of the industry depended on the recommendations. They would either stimulate the industry of leave it to stagnate.

Fedhasa CE Peter Hearfield said "we hope once and for all government will acknowledge the vital importance of the hotel and tourism industry and its vast potential for foreign earnings."

Until now government had paid little attention to developing this potential.

Hearfield said government needed to enable Satour to fund marketing campaigns properly and competitively in other parts of the world.

Hopefully Marais would take note of the recommendations dealing with a more relaxed tourism environment. Controls on trading hours in shops, cinemas theatres and liquor outlets had to be lifted, he said.

The industry expected government would at least recognise that the hotel and tourism sector was an export industry.

"It is of primary importance that assistance be given through the general export incentive scheme which currently applies only to the manufacturing industry."

Hearfield added that of all SA industries, the hotel and tourism industry had the biggest foreign exchange earning capability, but the conditions under which it operated had to undergo drastic changes.

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TOURISM FM 3/4/92

Vote of confidence (288)

Foreign airlines are adding SA to their destinations. International hotel groups are sniffing around for local sites. And now, with everyone expecting the boom in overseas tourists to begin any day, a leading leisure industry consultant has opened offices in Johannesburg, Cape Town and Durban.

London-based Greene Belfield-Smith, a subsidiary of the international Deloitte Ross Tohmatsu accountancy group, will operate in SA as the specialist tourism and leisure division of Deloitte Pim Goldby.

Greene Belfield-Smith senior partner Dries de Vaal sees local tourism taking off in the next few years. He says the international tourism industry is showing "tremendous interest" in SA and that current projections of 2m-3m overseas tourists in four to five years are probably conservative. He says 3m visitors would generate spending of about R5bn. Each additional 1m tourists would create 100 000 new jobs, he says.

In figures released this week, the SA Tourism Board (Satour) reported that the number of overseas visitors grew by a modest 4,5% last year, to 521 257. The biggest increases came from the UK, Germany and India. And the countries sending the most visitors to SA were the UK (143 511), Germany (86 389) and the US (47 083).

While the 1991 total is more than 50% greater than the number who came in 1987, it is still far short of the country's potential. In comparison, one of SA's major rivals, Australia, draws 2,5m visitors a year.

Greene Belfield-Smith's local spokesman, Pierre Tredoux, says that while SA is well placed to exploit tourism, it has to be better prepared. "Forward planning, strategic thinking and sound management are the critical elements if southern Africa is to succeed in the highly competitive international leisure and tourism market."

Government's long-promised White Paper on the tourism industry is supposed to provide some of this planning and strategic thinking (*Business & Technology* September 20). The White Paper is now expected to be published in two weeks and, if approved by parliament, will form the basis of government's new tourism policy.

Meanwhile, Satour will have more to work with this year. The Budget increased its allotment by only 2,7%, but its R54m allocation will be augmented by an increase in the bed tax paid by guests at hotels. This will provide another R17m a year for the agency's tourism promotion efforts. ■

GARDEN ROUTE HOTELS

FM 3/4/92

Testing the water

(288)

Three recent property sales on the Garden Route — for a total of R6m — indicate increasing interest in investment in the region's hospitality industry, says Hotel Broking Services' MD Errol Finkelstein.

The deals were:

☐ The 27-room Knysna Hotel in the centre of the town. The 80-year-old hotel is due to be upgraded and restored;

☐ Rutland Park, now renamed Knysna Lodge, near the lagoon in Welbedacht Lane. The original homestead was built in 1946 and 10 thatched cottages were added in 1991; and

☐ Lakes Resort in Wilderness, a 5 ha property on the banks of the Touws River comprising chalets, caravan and tent sites.

Plettenberg Bay-based Finkelstein says the "Yes" vote in last month's referendum will give new impetus to several similar deals pending in various parts of the country: "I'm focusing in particular on the strong interest being shown by our Japanese clients, though local buyers are also active and we expect to announce the closure of further sales in the near future."

Finkelstein says the influx of tourists into the Cape is set to change the fortunes of the region — which should now attract interest ■

FM 3/4/92 (288)

DURBAN OFFICES

Hitting the big time

Sanlam Properties' new 28-storey, 31 200 m² Embassy office block in downtown Durban is up and running. But the owner is relying heavily on an improved political and economic climate to fill the building.

According to the group's Natal regional manager Dallas Reed, letting is on target at present with the A-grade building boasting just under 33% occupancy. Furthermore, he points out that there have been "several serious enquiries" though it is difficult to know whether any of these will be converted into tenants.

The problem facing Sanlam with the Embassy is common to all new developments now coming on stream in Durban. It is that the prolonged recession means there is little or no growth-generated demand for office accommodation. The only letting opportunities arise from companies "moving house".

Nevertheless, the logic behind the Sanlam decision to develop the Embassy was sound enough based on predictions of an upswing late last year or early this year. Added to this was the fact that Durban has been through a spell of very little office development. That meant that anything which did come on to the market up until the third quarter of last year was immediately snapped up.

However, that very shortage triggered a rush of new development, including 11 083 m² by Stocks on a corner site of Commercial and Walnut roads, the 5 355 m² Norwich Life House and the 20 000 m² NBS head office in a block bounded by Stanger Street, Old Fort, Ordinance and Walnut roads and, of course, the Embassy building centrally located in Smith Street. In fact, at the end of last year it was estimated that there was just under 70 000 m² of new space under construction in Durban — a lot when one considers that the total existing A and B-grade office space amounted to about 450 000 m².

The Embassy ... *sign of the times*

According to an Ampros Research study carried out at the end of 1991, which used Sapoa's 1990 year-end figures as a basis of comparison, the vacancy factor in A-grade office space is now the highest in Durban of all four major SA cities, having risen from 2,9% to 18,5% — largely as a result of all the new construction. The city ranks second in terms of vacancy in a combined B- and C-grade category, where it has risen from 4,5% to 6,9%. Ampros cites a vacancy factor of 4% in the B-grade office category alone at the end of 1991, when it began its own research into the office market nationally.

In the circumstances, Reed and other developers are likely, for the time being, to bite the bullet and offer competitive rentals in order to fill space.

Though Sanlam Properties is asking in the region of R31/ m² (gross), Reed admits that these could be sugarcoated in good incentive packages for the right blue-chip tenants. Beyond that, however, he is not prepared to go. In spite of the tough market, he is optimistic, probably rightly, about the prospects for the Embassy building.

"It may be difficult to fill in the short term," he says, "but it will be the first to attract good tenants at the first hint of an upturn because of its prime location and prestigious accommodation." ■

Tourism looks for funding

(288)

CT 4/4/92

Staff Reporter

THE South African Tourism Board and the hotels' association, Fedhasa, are investigating the possibility of drawing in the industry's informal sector to help raise funds to market tourism abroad.

And hotel guests who faced a 2% increase in their daily room levy from April 1 have been given a three-month respite to give hotels the time to implement the new tariffs, which are aimed at financing Satour marketing operations overseas.

Mr Spencer Thomas, executive director of Satour, said the organisation was looking at ways of enabling accommodation establishments other than hotels to register with it on a voluntary basis which would provide an additional source of income to attract overseas visitors to South Africa.

A spokesman for the South African Consumer Council yesterday slammed the levy, saying it would place hotel accommodation totally beyond average households.

The council felt that if businesses paid for marketing tourism the spin-offs would generate profits for them.

Mr Elias Nel, chairman of Fedhasa in the Western Cape, said he felt that some of the money raised by the levy should be used in the rural areas which had been hard-hit by the recession.

"The government should also make the levy compulsory for guest houses and bed-and-breakfast establishments and those not registered by Satour which would provide millions in additional cash to market tourism abroad," he said.

Hotels countrywide have delayed implementing the levy. Mr Peter Hearfield, executive director of Fedhasa, yesterday said the levy would only be brought in from July 1 instead of April 1 due to "contractual obligations" to overseas tour operators and to give hotels time to assimilate the new levy and modify their computers.

Defending the increase, Mr Thomas said hotel guests only had to pay a 2% levy based on the average hotel prices for last year and he did not believe the marginal increase would place it out of reach for the average family.

He said the tourist industry in South Africa provided jobs for 300 000 people and the levy was expected to add an estimated R17 million towards promoting tourism.

Overseas tourism boosted South Africa's coffers by a staggering R2,5 billion a year, he said.

Tourism is expected to increase by 18% this year and it was expected that foreign exchange receipts would amount to almost R3 billion, Mr Thomas said.

Hotel guests will pay R4,20 more at a five star hotel, R3,00 at a four star, R2,60 at a three star and R1,80 at a two star and R1 at a one star hotel.

Mr Gordon Oliver, Captour's chief executive, said he hoped that the government would not now reduce Satour's annual budget because of the additional source of income.

Food/wine festival to draw world interest

288

CT 4/4/92

☐ From Page 1

become a huge annual event attracting a half-million people from 70 countries.

"It is within our capacity to do the same within an African context," Roup says.

"We expect to bring in three audiences: the food, wine and travel writers, because through them we can reach an audience of millions; food and wine buyers from around world; and tour operators."

World-class

The possibility of foreign companies exhibiting had not been considered seriously, he said, though the lifting of sanctions meant more and more foreign organisations which had never done business with South Africa were knocking on our doors wanting to sell food and related items in southern Africa.

"We could expect to offer space to foreign companies to use as a platform to promote their food, wine and beverages and travel opportunities in southern Africa.

"We're trying to put together a world-class event. It will live or die by that. We must accept that the overseas audiences we will be bringing in here are probably the most spoilt people on earth.

"The food, wine and travel media have freebies thrown at them night and day. They are treated like royalty, because they are powerful people. If we don't offer them the right accommodation and the right events and treat them the right way, we don't even get to first base.

"It's got to be a class act from beginning to end. And given the venue, the enthusiasm of the people we've met and the expertise available locally, if that commitment to quality remains I think we can pull off something that will really excite the world."

Kicking

Roup cited one negative: "One word I've heard used a number of times by financial people abroad and by F W de Klerk, Pik Botha and Nelson Mandela is 'marginalise'. One of the dangers for the new South Africa is that, having reached a just political dispensation, the world will forget us and we'll just drop off the edge.

"This festival will be one means by which we can remind the commercial would that we are still here, alive and kicking and producing wonderful, quality products."

Another salient point, he said, was that the festival would be a platform for would-be exporters and small players in the field.

"We are trying to create a climate of opportunity for the thousands of would-be exporters. Because of the history of the country, there are just six major commercial players here and this festival will bring about opportunities for small would-be exporters to get off the ground, because the marketing costs will be borne for them.

"That is why the Western Province Chamber of Commerce is very interested — they will get interest out of all proportion to their presence, because obviously the world media will home in on small black entrepeneurs trying to get off the ground in the world of international food, wine and travel. It's an opportunity to get on the first rung of the ladder."

Cape fest to attract world's food fundis

288

CT 4/4/92

CAPE TOWN will host an international food and wine festival designed to draw international food writers, buyers and tour operators every year. TONY JACKMAN reports.

TWO things were announced in Cape Town this week, with the potential to revolutionise the South African food, wine and travel industries.

The inauguration of the first South African Food and Wine Festival, combined with the relaxing of strictures on the wine industry expected to flow from KWV's decision to drop its controversial quota system, constitute an injection which industry leaders believe could help make Cape Town the food and wine mecca of the southern hemisphere.

It's a dream not as far-fetched as it might seem, says Julian Roup, director of the inaugural festival to take place at Groot Constantia from February 23 to 28 next year.

Rather than take the product to the market — ie to America and Europe — the organisers have decided to bring the market to the product, he told Top of The Times.

Hospitality

"If you take the product to the market, you sit alongside 50 or 60 other countries trying to do same thing. But if you bring the market to the product you actually own those people for a couple of days. And when they've experienced South African hospitality, seen the place, tasted the food and drunk the wine, loyalties are built that last a lifetime.

"There are companies and organisations that have been doing this for years, bringing one or two or three opinion formers and top media people — *but we'd like to bring in a couple of hundred media people.*

"We want to create a situation where this will be a critical event on the calendar of that media — that you have to come to the Cape once a year to see the latest in what the hospitality, food and wine industries are doing here.

"If it succeeds I think there is every *hope we can offer a shop window for* sub-Saharan Africa. The world will come to Cape Town."

The South African food fair will be modelled loosely on the Alimentaria festival in Barcelona, Spain, which began nine years ago and has grown to

☐ To Page 18

R20m lodge for Cape waterfront

S/Times [BUSS] 5/4/92 (288)

CITY LODGE will spend R20-million on its biggest development to date — a 164-room hotel on the Victoria and Alfred Waterfront in Cape Town.

Construction will begin soon and the project is expected to be completed by the end of the year. It will bring to three the number of City Lodges in the Western Cape, the others being in Mowbray and Bellville.

This is the third new hotel announcement by the group this year, bringing its total expenditure to R55-million. The others are in Morningside, Sandton — worth R20-million — and near the existing lodge at Jan Smuts Airport.

Managing director Hans Enderle says: "Our new Cape Town lodge is based on our belief that the Mother City will benefit from a tourism boom in the next few years." The lodge will have an Amsterdam-type canal to the waterfront shops and restaurants and guests will be able to walk to town.

22 000 more tourists

S/Times (BUSS) 5/4/92. 288

THE number of visitors to SA rose by more than 22 000 last year, taking the total to 521 000, says the Tourism Board (Satour). Arrivals in the first six months of the year were hit by political unrest, the Persian Gulf war and recession. From July, a constant increase in visitors was experienced, resulting in a 26,5% rise in September and 28,4% in November.

Cluster houses for R3m each

S/Times (Buss)

By IAN ROBINSON

5/4/92

A LINKSFIELD Ridge property development in Johannesburg could attract foreign buyers.

The R25-million Montalla cluster housing project will be paraded at the London Daily Mail Ideal Home Show from March 26 to 29.

The project comprises 10 units below the Linksfield Ridge nature reserve. They will cost between R2-million and R3-million each and will be the most expensive cluster homes in SA outside Cape Town.

The luxury project represents not only an architectural triumph but an engineering feat. Engineering makes a large contribution to total costs.

The houses cling to the side of the ridge and overlie decomposed granite. About 40 60-ton capacity concrete piles were driven 8m into the ground under each unit to provide secure foundations. Horizontal forces were contained through retaining walls and earth anchors.

The size of the units varies between 600m² and 850m² and they have two to five levels.

Luxury features include underfloor heating, heated pools integrated into waterfall features, hi-fi sound systems piped to all rooms, room-to-room intercoms with connections to all security points and closed-circuit monitors.

The situation and design of the units give a spectacular view to the north — even from the kitchen on the south side of each one.

288 (487)

Squires

The project is a joint Daycor Construction-Tomazos Group-Carol Frangos development.

The Tomazos group is headed by Costa Tomazos who established the Squires Loft chain of restaurants in the 1970s.

Daycor Construction was founded by David Day in 1982 and has an annual turnover of about R10-million.

The site was bought for R1,6-million and work began in January 1991. The first unit has been completed. Marketing will start in May.

The entire project is due for completion by the end of 1993.

Protea link stronger

(288)

5/4/92

PROTEA Hotels has strengthened its association with hotelier Alan Gooderson and will market the four-star Tropicana Hotel on Durban's beachfront. S/Times [Bus] 5/4/92

Last year Protea took over marketing of the three-star Drakensberg Garden Hotel and Leisure Resort, also owned by Mr Gooderson.

Kruger Park enters deal with private company to lease lodge

STAR 6/4/92

(288)

By Julienne du Toit

The first commercial partnership agreement between the Kruger National Park and a private company was announced last week.

The park has entered into a contract with the Conservation Corporation — effectively leasing Ngala Lodge to them, with sole tourism operating rights over the adjoining 14 000 ha of land, on the western borders of the Kruger Park.

The lodge and land is owned by the National Parks Trust and the land will be managed as an integral part of the park.

The Conservation Corporation will pay the National Parks Board rental for the property, traversing fees, a share of the gross revenues, and will provide the capital for improvements on the existing lodge.

Conservation Corporation managing director Alan Bernstein said he could not yet disclose how much the National Parks Board would be receiving, but said it would be a "win-win" situation.

The new Ngala Lodge will be opened in mid-July, and would be targeted at the top-end of the eco-tourism market, Conservation Corporation chairman Dave Varty announced.

Private

Ngala will be run along the lines of Londolozi Game Reserve and Phinda Resource Reserve, both owned by the corporation.

Chief executive director of the National Parks Board Dr Robbie Robinson said that this type of private game reserve, with its rides in open vehicles, did not fall into the "culture" of his organisation.

The executive members of the board felt it should be transferred to the private sector.

The property was originally donated to the National Parks Trust via the SA Nature Foundation by landowner Hans Hoheisen 18 months ago.

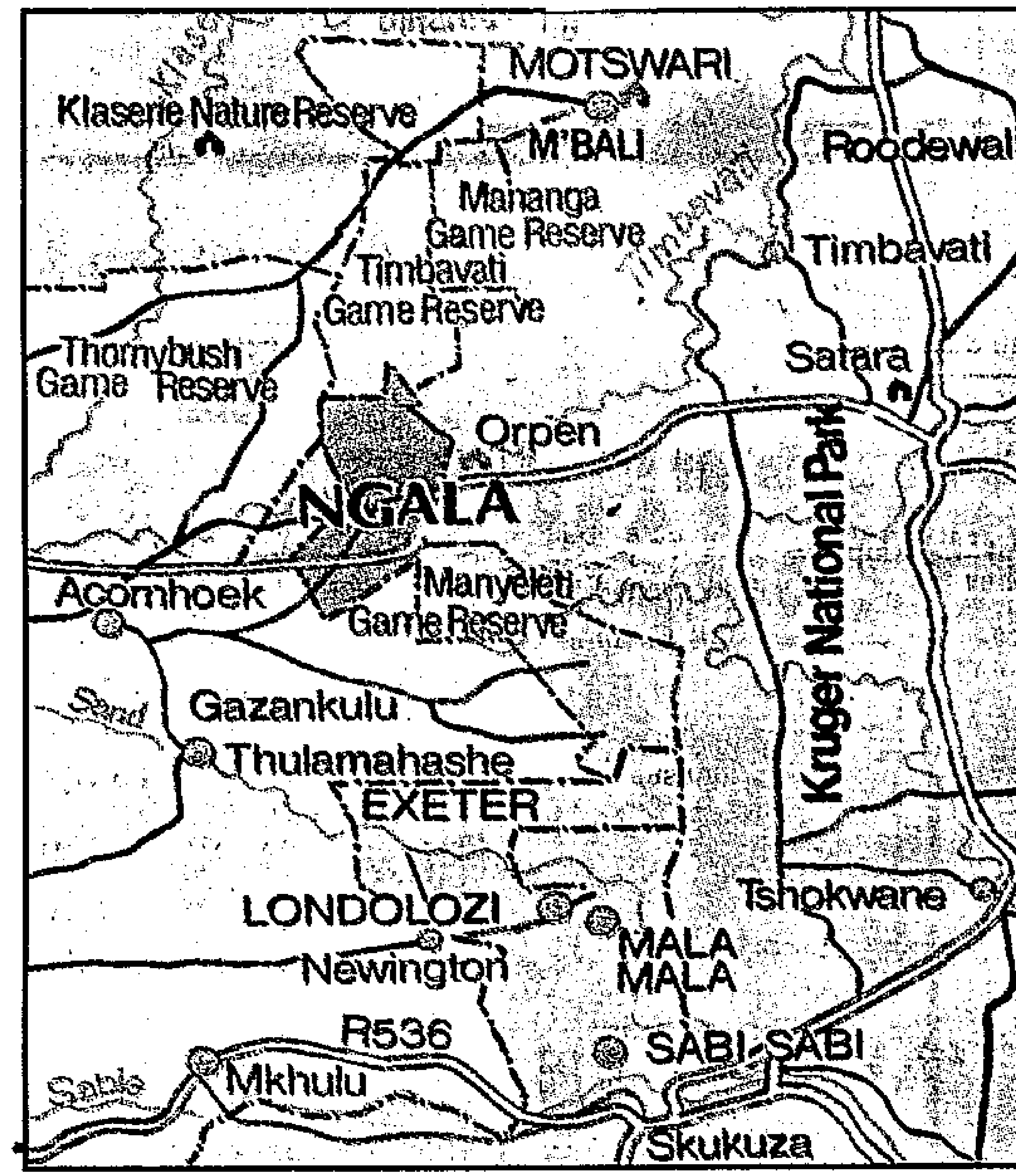
It has one of the highest densities of lion populations in southern Africa.

Mr Varty said Ngala would be a model of how wealth could be generated for local communities and how wildlife could generate revenue for the country.

As with their other ventures, the surrounding communities would be offered jobs and locals contracted for joint ventures like transportation, sewing, vegetable growing, mechanical work and bricklaying.

The corporation would supply the seed capital, said Mr Varty.

Dr Robinson said the ideal scenario was to open up the game reserves in the eastern Transvaal and take down fences so that animals could resume their traditional east-west migratory patterns.



Retail and leisure sites are now prime

288

BDay 7/4/92

DEVELOPERS are shifting their focus from commercial properties and are examining alternatives like retail and leisure accommodation and housing, Seeff Development Holdings chairman Lawrence Seeff says.

7/4/92

"Three new hotels are to be built between Johannesburg and Sandton and a 25 000m² retail development is coming on line in the Cape — the Victoria and Alfred Waterfront development.

"Time, Stocks & Stocks and Murray & Roberts via subsidiary Condev Homes are all looking at the residential market, which still reflects demand in the R150 000 to R250 000 area."

Seeff Commercial Services is launching new business broking operations in Cape Town, Port Elizabeth and Plettenberg Bay. The group has nine business brokerages in operation, operating under MD Rory Steer.

Divide

"We aim to open our PWV brokerage in July at the latest. Our philosophy is to divide the market into geographical areas," Steer says.

Seeff Trust is presently negotiating for a R20m shopping centre in the Johannesburg region for syndication purposes. This centre is expected to reach the market in July. Syndication remains a good investment for individuals wanting to invest in commercial, industrial and retail property, says Steer.

The self-regulatory body being established to monitor syndication deals is starting to take shape, with the constitution presently being drawn up.

"The industry stands at about R1bn and should grow by 300% to 400% over the next few years," Steer says.

Finding prime sites strategically positioned and priced at a level that would still show a return was a problem.

"However, investors must remain circumspect about the syndications they invest in and should critically examine tenancies, leases and projections," he says.

Nasasa aims for empowerment

Sowetan 9/4/92 286

This is a response from ANDREW LUKHELE (right), president of the National Stokvels Association of South Africa, to comments by THAMI MAZWAI in his *It's My Business* column.

LUKHELE

AS an avid reader of *Sowetan* and the president of the National Stokvels Association of South Africa, I would like to commend this newspaper for constructive reporting.

We at Nasasa believe that the general public is entitled to access to information regarding our activities. It is in that spirit that we accept the invitation to clarify the deal in question with alacrity.

The Foundation for African Business and Consumer Services held a conference on how to translate black economic empowerment into reality in September 1990 at Midrand, near Pretoria. Mr Thami Mazwai was there.

Theory

Reporting on the conference, the *Sowetan* (October 1 1990) stated: "They (Fabcos affiliates) specified areas in which joint ventures could get off the ground. This should happen frequently. For far too long we have had conferences on black economic empowerment which were all theory and intellectualism.

Resources

"Lack of resources and skills are a shortcoming of black business. On the other hand, whites have the capital and resources but do not have easy access to the black market.

"Black and white must now establish joint ventures and utilise each other's strengths, to the benefit of both. Once again, hats off to Fabcos for a start in the right direction."

With regard to a business deal between Nasasa and Avbob, one fails to contain the frustration over the inconsistency being displayed when we look at the success of the Afrikaner nation as a role model in business.

When the Afrikaner built their nation, they formed the Broederbond, which was jeered and placed under suspicion by non-Afrikaners. But it worked. Today we have Afrikaner banks and other institutions, such as Avbob.

Opinion

It is very important that one should understand the depth of mistrust in the black community when it considers the role of white business during the apartheid era.

In my opinion, established business should aim to develop a new relationship between itself and emerging black business so as to help today's informal sector become a significant player in the mainstream economy.

The process will not be easy. I am also aware of the past hostility between black and Indian funeral undertakers. In the middle of the crossfire is the black bereaved family, or broadly, the whole community.

Venture

I am not convinced that the Indian funeral undertakers operating in black areas have any joint venture relationship with blacks.

Last year on TV, a black man representing an umbrella body of black undertakers, refused to regard their operations as a business. I was not surprised when the "opposition" unashamedly stated that they are in business.

Who determines which undertaker the bereaved family should appoint? Does the colour of the undertaker or his service serve as the key feature to be considered?

Burial

One question raised by *Sowetan* was that as Nasasa represents stokvels and burial societies and does not have funeral undertakers as members, how does it benefit?

We have discovered that most stokvel members are not covered against death through funeral policies. Even those who belong to burial societies have raised some reservations that the money is often insufficient to cover expenditure.

Launched

Nasasa has recently launched a funeral scheme of R6 a month per family which is meant to help to share the risk with an insurance company. The policy is in no way designed to replace burial societies, but merely to supplement them.

The next step is to protect our members from using their lucrative funeral scheme to benefit people who are not sensitive to the idea of serving them well.

Last year I received a letter from Avbob via Mr Jabu Mabaso, the managing director of the marketing arm of the organisation, which contained a proposal for a working relationship with Nasasa. The proposal came through a Fabcos coordinator.

Explore

The executive will explore involving our members in running funeral undertakers in a manner that will generate more income for them.

Our objectives are to assist and encourage stokvels in starting business ventures and co-operatives.

Nasasa will play a role in introducing stokvels to the world of business. We are totally committed to black economic empowerment.

TIMESHARE

Do points add up? (288) FM 10/3/92

According to the *Government Gazette* of March 27, the Business Practices Committee is to investigate timeshare points systems, which it calls "rights pooling schemes." It is mandated to look into schemes which may be harmful to an unwitting public.

Chairman Louise Tager says: "We do not suggest points systems are harmful practices but it is necessary to ensure that checks and balances are built into the schemes to protect investors. We're not looking to regulate but rather to identify harmful practices."

A points system is the method whereby, instead of fixed timeshare weeks, the public buys points in a pool of timeshare weeks held in various resorts by a central body. The timeshare weeks themselves are allocated point-values based on the resort's quality and the season in which the week is held.

The investigation flows from a previous committee inquiry into the Flexi Club Foundation (FCF) points system and specifically into the business behaviour of Flexi Club Foundation, its affiliate Summer Leisure International (SLI, liquidated in January 1990), and SLI chairman William Nosworthy and MD Lawrence Botes.

The ensuing report was published on February 28 this year and, at the committee's urging, the Trade & Industry Minister issued a directive barring Botes and Nosworthy from ever entering the administration or management of points systems again — unless either could prove to the Minister he was competent to do so.

As part of its current investigation, the committee has invited the public to write to it with complaints. These are due this month.

The specific brief of the investigation is to scrutinise "the administration or management of timeshare rights pooling schemes."

One organisation running a points system is Flexi Holiday Club — the entity which took over from Flexi Club Foundation by inviting members to transfer their rights to it. It is administered by Flexi Club Management Services. Both companies are chaired by David Jehring, a former director of Summer Leisure, who resigned in 1989.

Two other companies, Leisure Corp and Resorts Ownership, which recently amalgamated, also run points systems.

The committee pointed out in its report of February 28 that the activities of Jehring and Flexi Holiday Club did not form part of its investigation. It stresses that the new investigation will be general and not look specifically at any of these companies. What could arise therefore are matters relating to the regulation of points schemes in general — or possibly leads into a specific investigation.

It also said that the agreements into which consumers entered with Flexi Club Foundation were grossly one-sided and served to establish a legal relationship in which consumers' rights were unprotected and unprotectable. "They were in fact in a worse position than the holder of timeshare rights in a shareblock scheme," it commented.

What the actual losses are to investors in FCF and SLI are not easily quantifiable, especially since many consumers transferred their rights to the Flexi Holiday Club.

The committee said the employment of a foundation as a nonstatutory body corporate as the vehicle for consumer investments provided few safeguards. It expressed the view that timeshare pooling systems in general were risky.

Resorts Condominium International (RCI) — a major player in the world timeshare market — has welcomed the investigation, which it believes could lead to greater safeguards. MD Steve Griesel believes companies should be compelled to:

- ☐ Disclose the actual stock held in any particular resort: companies often tout a particular resort to attract buyers when in reality they might have have only one week there; and
- ☐ Have separate and auditable accounts for levies, for payments for points with which the club intends to purchase new units, and for the management company itself — which may be insolvent while the "club" looks healthy.

Griesel says: "We believe the biggest problems with these clubs is the management. Points are invariably sold by marketing people who are often unable to finance what becomes a very costly business. These

contin—

companies should either be able to prove very sound financial backing to administer reservations or should pass this function on to companies specialising in this area, such as RCI, which would not incur start-up costs to carry on this business."

RCI manages reservations for Leisure Corporation, for instance, which "works well," according to Griesel, though he adds that the contract between the parties is under review subject to fairly stringent conditions being met by Leisure Corporation.

He says that, contrary to the reported 50% contribution that points systems were supposed to have made to new timeshare sales last year, the actual figure was 18%.

Both Resorts Ownership and Flexi Holiday Club tell the *FM* they welcome the investigation and say the Timeshare Control Act should be amended to include the points system. ■

Greyhound gears up for tourist boom

CT 10/4/92

(288)

By AUDREY D'ANGELO
Business Editor

GREYHOUND Citiliner invested more than R6m in new coaches this year in preparation for rapid growth in the tourist industry, CE Keith Morton said at a media lunch in a city hotel yesterday.

Greyhound is in the Tollgate Holdings group, which sold off City Tramways last month.

Tollgate director Laurie Mackintosh said that although commuter bus services were insufficiently profitable his group saw inter-city coach services as a growth industry.

He was confident SA's tourist industry would grow rapidly, especially if air fares from Europe became more affordable. "Tourists will use the inter-city coaches as a convenient, affordable, way of getting around".

Morton said Greyhound had started in 1984 with three buses offering a return service between Durban and Johannesburg eight times a week.

It now had a network of services connecting all SA's major cities, with 124 departures a week.

So far it had not obtained permission to travel the Garden Route, which was served by another coach company. When it succeeded in being able to add this service it would be able to provide a circular route round SA which he was certain would be popular with overseas tourists.

Morton said the coaching industry was still in its infancy in SA. But Greyhound, alone, had carried three quarters of a million passengers last year.

The newest additions to its fleet were two state-of-the -art coaches imported from Germany at a cost of R2,2m each. Without import duty they would have cost R1,3m each.

"The nearest local equivalents would have cost R1,7m each. But we were not prepared to compromise on quality — we wanted the best. We are prepared to invest in the future."

The Greyhound routes connect Cape Town with Nelspruit by way of Bloemfontein, Johannesburg and Pretoria, with Port Elizabeth and East London by way of Bloemfontein and King William's Town and with Durban by way of alternative routes.

Query over festival

ARG. 10/4/92 (288)

Meeting to decide the future of controversial event

CLIVE SAWYER, Municipal Reporter

QUESTION marks hang over the future of the Cape Festival as Captour management meets festival committee members today.

Up for discussion are the theme and aims of the controversial festival once the central question is settled — whether to continue to stage the event at all.

The agenda of the meeting has annoyed former festival committee chairman Mr Bob Wood, who recently relinquished the post to take up an appointment in Johannesburg.

"Captour is a minority shareholder, contributing much less than the private sector, and should not try to dictate the future of the festival," he said.

Captour has controlled the rights to the festival since the city council privatised the event in 1987.

Mr Wood said the meeting was inappropriate when organisers should already be preparing for next year's event.

Festival director Mrs Adele Lucas said this year's festival, run on a low budget funded largely by businesses, had been the most successful so far and had made a small profit.

Captour chief executive officer Mr Gordon Oliver said he would go into today's meeting with an open mind.

"We shall decide on perhaps refocussing the festival, and we shall discuss its timing," he said.

Asked how soon a successor for Mr Wood would be found, Mr Oliver said the nature and composition of the festival committee would be reviewed at the meeting.

At present Captour, the city council and the private sector are represented on the festival committee.

Mr Oliver said he had canvassed businesses which had sponsored this year's festival about whether they thought it was a success.

"As from the public in general, there were some pretty positive responses and some negative ones.

"Today we'll brainstorm and our decision will be guided by the input of all those at the meeting," said Mr Oliver.

Steakhouse smoke fires up residents

S/Times (Cape Metro) (288)

COMPLAINTS about smoke from the Seven Spu Restaurant in Sea Point have been investigated b the city council's legal adviser and the police, an the results have been sent to the attorney-gener for a decision on whether to prosecute.

12/4/92

Sea Point station commander, Major P Pfaff, cor firmed this week that police had investigated and tha the matter was now with the attorney-general.

Residents of Bellevue Road and Albany Road, o either side of the steakhouse, have held several meet ings and complained to various city council depart ments about "excessive smoke, noise and grime".

Mrs C W P Browne, 76, of Craigmore — a building o 27 flats on the corner of Main Road and Albany Road — says windows and curtains in the block are often grimy and grease-stained.

By EVE VOSLOO

"We have to keep all windows on that side of the building closed because of the smoke. The smell is also unbearable and there's no escape from it."

Mrs Browne said she could not afford to move.

She has a doctor's certificate saying she suffers from emphysema and the smoke causes bronchospasm.

Mrs Freda Turtledove, who lives in a Bellevue Road house, said the smoke and smell were unbearable.

Disgrace

"It's a disgrace that the council allowed the Spur to have such a low chimney."

Its entrance was also in a residential street and not in Main Road like other restaurant entrances, she said.

"God help any of us if there's a fire here or we need an ambulance when the steakhouse is full. No emergency vehicle will be able to get up this street."

Mr Theo de Castro, who owns a nearby guest house, said he had attended several meetings between residents and Spur representatives at which "promises were made about improving the filters in the chimneys" — but nothing had happened.

When the restaurant was full it could seat 200 people, which caused severe congestion and littering of the street, he said.

Another resident said one option suggested at a meeting was that Seven Spur install a new carbon filter system in the chimneys for R80 000 — on condition that residents waived their rights to future complaints.

He said residents were not prepared to do this as they were not convinced that this filter would solve the problem as the smoke would continue if it was not properly maintained.

Residents have a report from an independent chemical engineer, Mr N Greenblau, which recommends the addition of a cyclo-wash system, which requires no maintenance.

In his report Mr Greenblau said smoke from grilling and frying fatty foods formed acrolein "which is intensely irritating to the eyes and respiratory tract, causing bronchial cattarh and conjunctivitis".

He said adding a cyclo-wash system would remove 99 percent of the irritants.

Dr John Sonnenberg, a city councillor for Sea Point, said complaints had been received and passed on to the city's smoke control officer, Mr Derek Oxley.

Mr Oxley said his branch had called in the city's mechanical engineering department to prepare a technical report. The matter had then been referred to the city's legal department.

The council's chief legal adviser, Mr Barney Botha, said his department had investigated and handed the matter to the police.

Seven Spur manager, Mr Chris Wheeler, said he had attended meetings and tried to co-operate with residents. He would not comment further and referred enquiries to his legal adviser.

The legal adviser said that besides stating that his client denied liability, it was inappropriate for him to comment as negotiations were taking place with the local authorities and some other parties involved.

The managerial personnel of the Spur group who are dealing with the matter were unavailable for comment late last week.

Bringing Easter cheer

EGGED ON . . . musician Darryl Andrews, Radio Good Hope DJ Dmitri Jegels and Claudine Viviers seek Easter eggs to prepare for Club Montreal's Easter Egg Charity Evening on Easter Sunday. The club is opening at 9pm and patrons who donate a string of marshmallow Easter eggs get R2 off the entry fee of R10. All Easter eggs collected will be handed out to various children's homes including the Eros Cerebral Palsy school and GC Williams House on Easter Monday Picture: AMBROSE PETERS

The family business built

Casino owners cautious after prosecution threat

S Times [Cape Metro] 12/4/92

(288) (293)

By JANICE HILLIER

THE casino industry in the Cape has been put on hold following a warning by acting Attorney-General Mr Frank Khan to close down or face prosecution under the Gambling Act.

But Mr Gary van der Merwe, a director of one of Cape Town's first casinos — Highstead Manor in Seapoint — made it clear that they would not close.

"We will go to the Supreme Court if we have to — until then our doors will remain open."

Other gambling establishments have closed their doors, preferring to adopt a watch-and-see attitude.

Mr Khan sent letters to four casinos this week, warning them that they faced prosecution if they did not close.

At least two of them have closed their doors, while another casino which was due to open at a hotel in the northern areas, has decided not to go ahead with their plans.

Mr Khan said he intended to strictly apply the Act in his jurisdictional area.

"It is not normal procedure to warn people of pending prosecutions but in this instance I did so to be fair to both the public and gambling establishments in case anyone thought I was bound by the Vanderbijlpark Regional Court decision."

As many as 140 new casinos have opened throughout SA after the Vanderbijlpark Regional Court ruled that the game Aces High, developed by Mr Gary van der Merwe, Mr Derek Gertzen and Mr Tony Cuningham, was a game of skill that did not contravene the Gambling Act.

Mr Brian McMillan, Sun International's director of gaming operations — which owns, among other casinos at Sun City, the Fish River Sun and the Wild Coast — confirmed that his group had written to the Ministers of Justice, Law and Order and Police in May last year, seeking clarification on the matter.

Police spokesman, Captain Attie Laubscher, said there had not been any complaints about gambling establishments since Mr Khan's warning, but added police would act if complaints were made.

Promotion to cost R10m

BDay 13/4/92

Business Day Reporter

SUN International will spend more than R10m on promoting Sun City's new Lost City before its launch late this year.

Marketing director Ernie Joubert said this at the weekend opening of the first phase of the R750m Lost City project, the expansion of the entertainment centre.

The cost of the launch itself could add a few million rands to the bill if sponsorship of the Miss World pageant and the Million Dollar golf tournament — in late November and early December — are included.

Sun International is negotiating with several international celebrities and superstars to attend the opening on December 1.

International marketing for the Lost City began two years ago and it will be heavily promoted at SA's biggest travel fair, Indaba, to be held in Durban in May.

"We have had a great number of advance bookings for conferences at the Lost City and a tremendous amount of interest has been shown internationally by tour operators and foreign journalists," said Joubert.

General bookings for The Palace hotel would probably open mid-year and rates for 1993 had already been pegged at R350 a person sharing midweek, and R400 a person sharing on weekends.

Another development to assist marketing is an international feature film to be shot entirely on location at Sun City.

Joubert said SunBop director Sol Kerzner had been approached by a leading British director wanting to start filming in December with a proposed completion date of June next year.

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"At least four of the cast members are internationally known stars. We have also been approached by a local production company about shooting part of a movie at the Sun City complex," he said.

The R180m expansion and redesign of the entertainment centre and conference facilities makes Sun City southern Africa's single biggest conference venue.

It will be able to accommodate conferences of up to 2 000 delegates. The 350 rooms of The Palace hotel will add to the already substantial accommodation facilities.

The new 1 500m² ballroom in the entertainment centre's conference area will be able to host up to 1 200 people at a time. In addition, existing breakaway rooms are being upgraded and extended to eight.

Joubert said the conference and incentive travel market was important to Sun City. In the past year there had been a 10% increase in conferences held at the Pilanesberg complex.

"We will be watching trends in the next 12 to 24 months and monitoring the level of interest shown by conference planners worldwide. If they believe Sun City is well positioned to cater for the conference market we may in future look at building a proper convention centre and additional hotel rooms," he said.

Shebeens set to import their beer

288

THEO RAWANA

SAB has welcomed the chance to compete with the National Taverners' Association, which has started importing a leading Zimbabwean beer. B Day 13/4/92

The association — which represents shebeen owners around the country — will distribute Zimbabwe National Breweries' Zambezi Lager through its members.

And Zimtrade, a Zimbabwean trade organisation which led a delegation on a tour of SA last week, saw the deal as a "breakthrough".

Taverners' president David Mokoena said last week his association had sealed a deal making it the sole distributor of Zambezi Lager.

"The 340ml bottle is upmarket in price and in taste and we have had a good reception from the market," Mokoena said.

The beer won a "blind tasting" gold medal in Canada last year, he said.

Mokoena said his association was approached last year by Zimbabwe National Breweries to go into the venture with them. Final agreement was reached in February and the formal launch of the beer wouldtake place tomorrow.

Zimtrade CE Morrison Sifelani said it was wonderful to hear that the deal had been sealed. "It's a breakthrough for Zambezi Lager.

"The beer is our national pride and it has had significant sales in the UK," he added.

Mokoena said: "We are testing the waters and aiming for bigger sales."

SAB public affairs manager Adrian Botha said SAB had no problem if the NTA was bringing the beer into the country through a third party.

"We will treat them as any other competitor. We will see them at the market," Botha said.

PE to attract more tourists

CT 14/4/92

Own Correspondent

JOHANNESBURG. — Port Elizabeth was on the threshold of some R200 million worth of hotel/entertainment development aimed at attracting a larger share of the international tourism market, PE publicity director Mr Peter Myles said yesterday. 288

Warning on city's high prices

(288)

CT 14/4/92

CAPTOUR yesterday warned that Cape Town must be wary of not pricing itself out of the tourism market after it was revealed that it is the costliest city in South Africa.

Mr Gordon Oliver, Captour's executive director, said the Mother City would have to be competitive with other cities regarding prices.

"Even with the exchange rate favouring tourists we have received some complaints regarding exorbitant prices in restaurants and places of entertainment over the holiday season," he said.

According to findings by the Central Statistical Services (CSS), Cape Town is the most expensive city after Pretoria held the dubious honour for nine years.

Mr Albert Schuitmaker, assistant director of the Cape Town Chamber of Commerce, said "no city likes to be tagged as the most expensive" but he did not think it would affect tourism because people wanted value for money and Cape Town had many attractions to offer.

Economists say Cape Town's distance from the main food production centres is one of the reasons for keeping the Peninsula's inflation rate above average.

Higher housing costs and service charges on property in the Peninsula are another reason cited for above average inflation.

Another important factor affecting the cost of living in urban areas is the city's size and growth rate.

Pick 'n Pay yesterday disputed the CSS's findings. Managing director Mr Raymond Ackerman said food here is cheaper than in most other major cities.

In determining the figures the Witwatersrand is used as a base, given 100 points and compared with other centres.

The CSS said a food basket would cost R102,60 in Cape Town, R100 on the Witwatersrand, R98,40 in the Durban-Pinetown area, R99,70 in Kimberley, R95,70 in Bloemfontein and R93,10 in Port Elizabeth and Uitenhage, with Maritzburg the cheapest at R91,70.

Mr Dawid van der Heever, deputy director of the CSS, said food comprised only about 18% of the total goods and services on which the Consumer Price Index (CPI) was based.

He said the cost of goods and services is recorded every month in each of the major centres. The inflation rate is based on the CPI.

Once a year the monthly CPI for each centre is compared with those of other major centres and on these figures the CSS found Cape Town to be the most expensive city in South Africa, he said.

President Hotel's goods auctioned

Own Correspondent 288

CAPE TOWN — The contents of the former five-star President Hotel in Sea Point went under the auctioneer's hammer yesterday, signalling the end of an era.

Its revamping into a R227m luxury hotel and flat complex will begin as soon as all movable assets have been sold.

Auctioneer Kelley Finberg said the auction, which would continue today, was one of the largest held in Cape Town. B/Day 14/4/92

The goods ranged from a giant brass chandelier and vast quantities of furniture to hundreds of miniature shampoo bottles. Anxious bidders were watched by forlorn staff members who had been retrenched.

Parts of the hotel, which has been reduced to a maze of dusty corridors piled high with furniture, date back to the turn of the century.

Team work on the Lost City

BDay 15/4/92 (288) (25) (?)

SUN International has drawn on both local and offshore companies to create the development team now working on its R750m Lost City complex at Sun City.

On the local front, Bou Raath Civil Contractors was appointed principal earth works contractor on the project in August 1990. Since then, its involvement has extended to contracts valued at more than R60m.

Gary Player Design Company is responsible for the design of the 18-hole championship Lost City golf course, while Top Turf & Associates is the main contractor for the course. It is also responsible for much of the work in the new "jungle".

Much of the electrical installation, lightning protection and lifts and escalators will be done by Biderman, Finn, Beekhuizen & Associates.

The consulting civil and structural engineers are Kampel, Abromowitz, Yawitch and Partners.

McIntosh, Latilla, Carrier and Laing are the quantity surveyors for the project, which is the largest handled by the firm.

Carpeting of the Lost City will be done by Meanly Hill, which has acted for Sun International on every carpet requirement since the resorts were established.

MV3 Architects are the architects of record for the Lost City and the Entertainment Centre, where they have worked directly with American interior designers Henry Conversano and Paul Steelman on the Entertainment Centre and with Wimberly Allison Tong and Goo on the Lost City.

Engineers

Burg, Doherty Bryant and Partners are the architects of record for The Palace, while Schneid Israelite and partners are project managers.

Stewart Scott Inc are consulting engineers and were responsible to the Bophuthatswana government for the augmentation of the water supply. This involved the laying of about 35km of pipeline and the construction of a five megalitre reservoir.

The entire design concept of the jungle is the responsibility of landscape architect Patrick Watson.

A number of foreign companies are working on the project. Among them are Aquatic Design Group, based in California, which is responsible for all the water features. Rock and Waterscape Systems are involved with the design, construction and implementation of the many rock and water features, and also with creating the "ancient ruins".

Californian Henry Conversano and Paul Steelman are the interior designers of the new Entertainment Centre, with Craig Roberts and Associates doing the interior lighting for The Palace. Lighting for the exterior of The Palace and The Lost City has been designed by Light Source.

The Leonard Parker company is to buy most of the furniture and fittings. Also involved are Wilson and Associates, an international interior architectural design firm, and Wimberly Allison Tong and Goo, design architects for Day Visitors' Centre.

The entire project is expected to be open to the public towards the end of the year.

15 1992

SA set to reap huge tourist harvest in '95

STAR 15/4/92

By Alan Robinson, Star Bureau

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LONDON — The South African tourism industry has less than four years to prepare for a multimillion-rand boom, the likes of which it has never experienced.

The decision in Wellington, New Zealand, this week to allocate the 1995 Rugby World Cup to South Africa will bring an estimated 50 000-plus tourists flooding into the country.

Lured by the prospect of five weeks of thrilling rugby to add to the other attractions South Africa has to offer — sun, sea game reserves and glorious climate — they will pour in from New Zealand, Australia, UK, France, Japan, Canada, the US and South America.

And they'll spend money like water. The favourable — for foreigners — exchange rate means that they will be able to stay at a leading hotel for five nights at the cost of a single night in the United Kingdom.

Britain is expensive, but that did not deter thousands of New Zealanders and Australians flyng into Hearthrow for last year's World Cup. Whole coachloads of them travelled up and down the country to the various venues, sending local economies into overdrive. Hotels anywhere near the major test match grounds were booked up months in advance.

Flights between Britain, Ireland and France, which jointly staged the 1991 tournament, were jam-packed from beginning to end. Accommodation costs soared, the catering and souvenir trade boomed.

But then the proceeds had to be split three ways among the host countries. South Africa, as the first single nation to host the World Cup, will reap a huge harvest.

A spokesman for a top sports travel and corporate entertainment concern here was positively ecstatic at the news. He said: "During the last World Cup there were strong rumours that the next one would go to South Africa and we were overwhelmed with inquiries about laying on special packages."

One could almost hear his hands rubbing together in anticipation as he said: "This could be a real goldmine. At five rands to the pound, we'll have to fight to keep people out.

"And don't forget the long-term spin-offs. People who go out there will want to go back again and again. The word will spread and its effect will be far greater than millions of holiday brochures."

The world's attention will be on South Africa as never before. Its attractions — and its shortcomings — will be fed into millions of homes around the globe. Ambitions to stage other great sporting occasions — the Olympic Games in 2000, for example — may depend on success this time.

Indeed, there could be a dream double ... if the International Cricket Conference approves SA's application to stage the game's own World Cup here in the same year.

The rugby World Cup is a booming business. Last year it is estimated to have produced around R150 million profit. In sports-mad South Africa that will almost certainly be more than doubled — and that is for the rugby authorities alone.

Tourism, transport, hotels, games reserves, restaurants, the manufacturing industry, the drinks business — all will derive massive benefit.

And, what's more, South Africa might also win the Cup.

● See Back Page

THE ENVIRONMENT

Alarming threat of a tourism 'free-for-all'

ARG 16/4/92

(288)

JOHN YELD

"ECO-TOURISM" — it's the new buzzword on everyone's lips.

But what does it actually mean? And could enthusiasm for the significant quantities of foreign exchange brought by potential "eco-tourists" not blind decision-makers to the potential environmental pitfalls of their presence?

Questions like these are being asked increasingly as the steady flow of overseas visitors to South Africa threatens to turn into a flood.

Experts are clearly anticipating a rush — provided the political reform process remains on track.

During the recent launch of a South African branch of Greene Belfield-Smith, Europe's largest tourism, hotel and specialist leisure consultancy, senior partner Mr Dries de Waal pointed out that the international tourist industry was showing tremendous interest in this country.

The number of tourists visiting South Africa could rise "exponentially" from 500 000 to about 2,5-million in a very short space of time, he suggested.

However, the country lacked the necessary infrastructure, such as airports and hotels, to handle them, he warned.

Mr De Waal also queried the use of the term "eco-tourism" to herald any new approach, pointing out that tourists to South Africa were traditionally drawn by ecological and environmental features such as the spring flowers of Namaqualand and the Kruger National Park.

But others involved in the industry suggest many tourists *are* becoming more discerning in their choice of tours, increasingly demanding access to unspoiled areas which offer few, if any, "tourist-oriented" facilities or developments of the traditional type.

Spain, for example, draws 43 million tourists each year, earning more in the process than South Africa does from its gold mines.

But because the traditional "sea and sun" tourist areas along the Spanish coast — such as the Costa del Sol — have been effectively ruined in both environmental and socio-cultural terms, that country has now launched a major marketing campaign to draw attention to its less developed interior regions.

According to the recent President's Council report on *A National Environmental Management System*, tourism can be regarded as South Africa's potentially biggest money-spinner, possibly even surpassing the gold industry in economic importance.

Tourism is already a major foreign currency earner for this country, reaching R2,5-billion in 1990. Domestic tourism is worth even more — about R3-billion annually — and because of the multiplier effect of such expenditure as it percolates through the economy, it could be worth as much as 2½ times that amount again, the report suggests.

"At the same time, concern is being expressed that South Africa's major tourism assets, which are predominantly environmentally-linked, could in the long-term be squandered through unbridled tourism development," it warns.

This view is echoed by veteran conservationist Mrs Nan Rice of the Dolphin Action and Protection Group, who said she was "suspicious" of developments.

"I just hope there isn't going to be a tourism 'free-for-all'," she said.

"Many tourism areas in South Africa are environmentally sensitive and not enough work has been done in investigating the carrying capacity of our country for a massive influx of tourists."

Increasing concern was being expressed about the influx of tourism into highly sensitive areas.

"Tourism, like any other usage of our environment, must be sustainable and in this regard, as in other areas where sustainable usage is applied, investigations or scientific work must first be done to establish when such sustainability can be rationally achieved."

The report *Building the foundation for sustainable development in South Africa*, prepared for the government by the CSIR for submission to the "Earth Summit" conference in Rio in June, agrees that the main attractions for tourists visiting South Africa are the country's environmental and natural features.

Kersaf's Royale eyes two foreign resorts

MARCIA KLEIN 288

NEGOTIATIONS for cash-flush Kersaf subsidiary Royale Resorts to acquire two major foreign hotel resorts and casinos are well advanced, sources close to the company said yesterday.

They said the acquisitions would be significant for Kersaf, which holds 50% of Bahamas-incorporated Royale, and would have a major effect on future earnings.

The resorts could be in Europe, north Africa and possibly the Caribbean.

An analyst said although it was impossible to determine how much cash was in Royale, it had a cash pile of "hundreds of millions of pounds".

Sources said Sol Kerzner, who heads Royale, would probably also have the management contracts for the new resorts through World Leisure Holdings, which operated two resorts in the Comores.

Royale has 25% stakes in Kersaf's Mauritian hotels and has interests in a European casino operation. Kersaf does not disclose much information about Royale, but its earnings dropped 24% in the year to end-June. It was held jointly with British & Commonwealth, which went out of business, but the new joint owner is not known.

Kersaf directors could not be reached for comment.

B/Day 16/12/92

Holidaymakers shun Cape Town's hotels

288

STimes (Buss) 19/4/92

By ZILLA EFRAT

CAPE Town hotels are not drawing Easter holidaymakers this year.

Hotels in Durban and the Eastern Transvaal are almost booked out in spite of the recession. But bookings for Cape Town are low even though the Two Oceans Marathon takes place this weekend.

Hoteliers say holiday makers may consider airfares to Cape Town too high and the drive too long for a weekend getaway.

In addition, Easter coincides with the Passover and is later than last year when it started at the end of March, a month when foreign tourists flock to the Cape.

Protea Hotels managing director Arthur Gillis says the number of Two Oceans runners from outside Cape Town has dropped.

However, Satour senior tourism promotion officer Stephanie Jones believes many South Africans may be taking cheaper accommodation, such as guest houses in Cape Town.

But Mr Gillis disagrees. He says no reliable figures exist for guest houses. The competitive specials offered by some hotels continued over the long weekend.

SA Airways has laid on eight extra flights to Cape Town from Johannesburg compared with four last year.

Mr Gillis says occupancy levels at Protea Hotels are on a par with last year. They have been boosted by the group's special offers which have helped it gain market share over the long weekend.

Although domestic business has been affected by the recession, Protea's foreign marketing campaign has paid off.

Karos Hotels chairman and joint managing director Selwin Hurwitz expects his group to have a better Easter season than last year because of its specials.

Southern Sun, which does not offer special deals over Easter, expects this season to match last year's, says group operations director Chris de Kock.

Although Flitestar cancelled several flights used mostly by business people between Johannesburg and Cape Town, it added two midnight ones.

Cheap shebeen snacks

STimes (BUSS) 19/4/92

THE South African Taverners Association (SATA) and Tongaat subsidiary Funa Foods have launched a joint venture.

Working with Promosales, the company that put them together, they have developed a menu for shebeens.

Promosales managing director Peter-Stephen Shimpton says the tavern and shebeen owners are developing their own brand names and packaging for the products they will serve. 288

He says the deal should ensure that tasty and nutritious food is served in shebeens for less than R2.

Satour urges tourism — back conservation

(288)

ARG 23/4/92

Municipal Reporter

SATOUR has asked the tourism industry to voice its support for conservation.

A statement circulated for signature by various bodies said the country's "unique and irreplaceable environment" was the base of tourism, while tourism provided a "vital economic return" for the environment.

The word "environment" meant the country's natural, historical and cultural heritage.

All communities should have equal access to tourism and conservation areas.

Benefits from environmental resources should flow back to the communities they came from.

Environmental impact should be respected in planning and managing tourism and other developments, the statement said.

The Western Cape Regional Services Council signed the statement yesterday.

Satour executive director Mr Spencer Thomas said the signed statements would be handed to Minister of Tourism Dr Org Marais on the opening night of thw tourism forum Indaba '92.

Gamblers warned of state clampdown

PRETORIA — Gamblers were warned yesterday that the Gambling Act would be scrupulously applied.

Transvaal Acting Attorney-General M T van der Merwe and Witwatersrand Acting Attorney-General C Human said the public should not anticipate government decisions on gambling, lotteries and games of chance. B|Day 24/4/92

No conclusions should be drawn from the fact that certain prosecutions in terms of the Gambling Act had not been successful, the statement said.

They emphasised that other courts were not bound by judgments of regional and magistrate's courts.

Several prosecutions under the Act were pending, they said. 288

Meanwhile in Cape Town, police swooped on a "casino" at Highstead Manor in Sea Point on Wednesday night, charging the operators and 37 guests under the Act and seizing a gaming table and a poker machine.

The raid followed a warning by Acting Attorney-General Frank Kahn to gaming establishments in the western Cape to close or face prosecution. — Sapa.

NATAL SOUTH COAST (288)

FM 24/4/92

A seaside sale

Seaside village for sale complete with its own railway station, garage, caravan park and shops — lock, stock and beachfront. The price is a mere R8m. The railway station, alas, is not part of the property.

The village is Kelso — a relatively unspoiled 127 ha on the Natal south coast, some 70 km south of Durban, between Scottburgh and Pennington. It's where Spoornet's south coast passenger service terminates.

The property — originally two farms — was granted to Natal settler Henry William Cook in 1858 by Queen Victoria in recognition of services to the crown. It has been owned by his descendants ever since and is now in the hands of nine people who hold

FM 24/4/92 (288)

title through undivided shares. Though some shareholders live in and manage the village, which has evolved into a seaside holiday resort, others are in Australia, Hong Kong, England, and two cannot be traced.

Now — with different degrees of enthusiasm — the shareholders have put Kelso on the market. The asking price is based on an independent valuation.

Mary Osborne, one of the resident shareholders, says the village has tremendous potential — though "preferably not for timeshare" — but has been undercapitalised over the years. "In the past profits have been siphoned off as income rather than reinvested in Kelso," she says.

The property assets include the service station and a house to go with it, the caravan park which attracts about 600 visitors at peak season, a few shops, and land on which the provincial administration based a road construction camp — though houses built on this land are not owned by the family.

The land has the potential for more residential development. The village railway station and the railway cottages are owned by Spoornet. ■

GORDON RADOWSKY visits some of the Mother City's Soul Kitchens. Foodies take note

w/mail 24/4 - 29/4/92

THE term Soul Food gained currency in America in the 1960s. The culinary contribution to the "Black is Beautiful" ethos — barbequed spareribs, grits, collard greens with bacon and black-eyed peas served by benevolent black women in rough-and- ready cafés throughout the South — purported to nourish the soul as well as the palate.

Predictably, soul food soon went mainstream, and the term was extended through use to include the traditional but neglected dishes of America's numerous ethnic minorities.

Cheap, down-to-earth and nostalgic fare, soul food became a way for Italian, Mexican, Jewish and Oriental Americans to rediscover their roots and to climb out of the melting-pot of American, apple-pie culinary uniformity.

Things being the way they are in cliquey Cape Town, the Mother City's own brand of soul kitchens have not yet achieved the establishment sanction that the American variant enjoys. You will not encounter hordes of gilded urbanite foodies in my favour soul-vendors. Thankfully, my favourites have no plans to franchise.

So what do these traditional kitchens offer? To begin with, no vintage vinegars on salads consisting of foliage chosen more for its novel appearance than its taste. No sauces lap exotic cuts of flesh or fowl. And no decor that suggests that so-and-so restaurant is the place where those nauseatingly naff paint-finishes came to die.

Rather, these cateries do what they know, do it well and have been doing it for as long as any one can remember. The "decorating scheme" runs the gamut from faded mix-and-match to worn come-as-you-are. And the fare, cheap and limited to a few, gimick-free specialities, is always consistantly good — usually because the chef's ego is devoted to feeding Cape Town, not eating it.

Food for thought ... Moemina Potgieter makes rotis at Cafe Zorina in Long Street

Photograph: ERIC MILLER

CAFE ZORINA

Cafe Zorina, at 172 Long Street, Cape Town, is named for Zorina Abarder, the winsomely beautiful oldest daughter of the reigning matriarch of Cape Town Malay cooking, the genial Yasmin Salie. Salie opened this unassuming cafe 30 years ago, simply, she says, because she loves cooking. Her matchless salomies, rotis containing a choice of bean, mutton, mince or chicken curries, enjoy an almost religious following among local office workers, labourers and denizens of the nearby "Malay quarter" of Bo-kaap.

At under R5 she serves anywhere between 200 and 300 a day, her lunchtime counter often standing six deep. Those wishing to sit at one of her three tables get the same curries mild, mellow, subtle and warm with chili salad for heat and the best roti for mopping — for under R10. Cafe Zorina is open six days a week during business hours. This is a strictly Halaal establishment, so please leave your alcohol in the car.

PAGODA INN

Since 1965, Maureen Kai has run the kitchen and Lucky Jackson has maitre d'ed in Cape Town's oldest surviving Chinese retaurant, the Pagoda Inn (29 Bree Street, Cape Town). Since long before we knew about the various regions in Chinese cooking, this Cantonese eatering has purveyed the best chop sueys, chow meins, spring roll and chicken soup I have eaten anywhere.

Those wishing to sit may order from the staid, but large, à la carte menu, and feast for well under R40 a head, with R60 if you want seafood exotica. The retaurant interior is vintage faded Sixties Chinese, murals, dragons, whining music and all. Saturday night take-out for four of soup, sweet-and-sour, rice, noodle with meat or chicken and bowties will set you back about R60, with left-overs for Sunday morning. In a class all its own. Closed Tuesdays and Sundays.

MARIO'S ITALIAN COFFEE BAR AND PIZZERIA:

A relative newcomer to this genre is Mario's Italian Coffee Bar and Pizzeria in Rheede Street, Gardens. Opened in 1987 by father and daughter team, Luciano and Luciana Meurs, this makeshift cafe has become a favourite with students and pensioners from the nearby University of Cape Town art and drama campus, and the neighbouring senior citizens home.

The pasta specials, at R8, are never less than good, the toasted mozzarella sarms with the soup of the day make an excellent light lunch at around R6, and the pizzas, the largest and most expensive at R12,50, are as good as you will get anywhere. But best of all is the genuine bonhomie that pervades Mario's, and the angelic proprietor has never let a poor student go hungry. A home-away-from-home, this; destined for a long and cherished life. Open from 7am till 4pm, closes Sundays.

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The Mother City's Soul Kitchens

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It's more of the same for Ron Stringfellow

MAN AT THE TOP

STimes 26/4/92.

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By ZILLA EFRAT

A LITTLE more than a year ago Ron Stringfellow took over the helm of Southern Sun — and the group's face has changed dramatically.

When he became managing director in December 1990 the group consisted of two undefined brands — Southern Sun and Holiday Inn.

Both were four- and five-star hotel groups with widely differing standards. The group was managed on a geographical basis.

Now five clearly defined and focused hotel brands are emerging — Southern Sun Hotels, Southern Sun Resorts, Holiday Inn, Holiday Inn Garden Court and Formule I.

Each meets the needs of a different sector of the market and is run separately on a decentralised system.

This restructuring aims to return Southern Sun to steady profit growth and ensure it is well positioned for an expected leap in foreign tourists and the entry of international hotel chains in South Africa.

A major purpose is to provide quality accommodation at affordable prices to SA holidaymakers and business travellers in spite of the dramatic rise in hotel operating costs in recent years.

The pace of restructuring has been fast. Twelve hotels are changing their names to fit in with their brands. More than R40-million is being spent on refurbishment in all brand types and a R130-million extension of the up-market Sandton Sun is under way.

RON STRINGFELLOW: Zimbabwe repeat Picture: CATHERINE ROSS

Casualties

The first of the limited service Formule I establishments has opened near Jan Smuts Airport. It will be followed by two more this year and several next year.

Conversions to the Holiday Inn Garden Courts are on track.

The Landdrost in Bloemfontein and the Malibu in Durban have changed to this brand. Some hotels in Cape Town, Port Elizabeth, Kimberly, Harrismith, Ermelo and Newcastle will also change.

But restructuring has had its casualties. There have been management changes, about 1 000 retrenchments and some hotels have been sold.

Fast turnarounds, however, are nothing new for Mr Stringfellow. He hopes to at least match his greatest achievement yet: an impressive turnaround of the Zimbawe Sun operation.

Violence

After many troubled years, Zimbabwe Sun hotels were run down when he became chief executive in 1986. But peace and stability had returned, leading to a revival of international tourism and a need to upgrade the hotels and rethink rate structures.

In little more than three years, ailing Zimbabwe Sun was transformed into a thriving listed group with the second-largest market capitalisation on the Zimbabwe Stock Exchange.

Conditions were not dissimilar to those in Zimbabwe when Mr Stringfellow moved south in 1990. Southern Sun's earnings had been faltering for several years, the high cost of refurbishment resulted in a heavy interest bill and occupancy levels were low.

International isolation, violence and uncertainty and the world recession had inhibited foreign tourism to SA. Business and leisure travel had also been dented by SA's recession.

SA was also on the brink of an international tourist boom. Like Zimbabwe Sun, the Southern Sun group has had to gear up for it.

In addition to a more targeted approach, the group has launched a programme to shift its emphasis from product to customer needs and to upgrade its services.

It is also involved in negotiations to capture the airline charter market as it opens up. It has signed an agreement with UK company Britannia Airways. A future development could be management contracts throughout Africa.

To help the group achieve its objectives, Mr Stringfellow aims to develop a goal-oriented team culture at all levels.

Mr Stringfellow says his management style is not unlike that of parent company SA Breweries (SAB) — decentralised, but with strong, reliable head-office support.

Decentralisation is essential.

"This is a big group. There is always something happening. We are a 24-hour-a-day, 365-day-a-year business."

While studying for his B Comm at the University of Natal and in his six years as a chartered accountant with Deloitte Haskins & Sells in Zimbabwe, Mr Stringfellow knew he would move into general management some day.

Rugby

The opportunity came when Delta Corporation, the large Zimbabwean group in which SAB has a big stake, offered him the job of group treasurer in 1981. Four years later he was made chairman of Delta subsidiaries OK Bazaars and furniture retailer Pelhams.

Mr Stringfellow's rugby days are over. But he enjoys tennis and jogging. He has completed four Comrades and one Two Oceans marathon.

While many South Africans check into a Southern Sun group hotel to get away from it all, he takes to the bush on safari for relaxation.

He says his job is demanding with long hours and he often has to take work home to keep up. But he tries hard to make time to be with his wife Laurie and four children.

T&N's set to prosper after stable cleaning

S/Times (Buss) 26/4/92

T&N Holdings is poised to do well in what is expected to be a tough year.

A year ago, management was faced with a major challenge to profitability.

It responded in fine style, earnings a share doubling to 70c and the dividend rising from 13,8 to 24c in the year to December 1991. The company's performance in the previous year was poor.

Group financial director Christopher Good says 1990 was particularly difficult because customers destocked and there was a serious strike. As a result management looked at its strategy from top to bottom. Everything was covered: production, labour relations, asset management, marketing and distribution and other factors which affected efficiency.

There were no sacred cows.

It was important that management was able to take a flexible and self-critical attitude. In particular, managers were able to react to lower as well as higher demand.

All too often, management and labour fight for a bigger share of the cake. It does not occur to them to get together and bake a bigger cake, but this is what happened at T&N's Ferodo division.

After a fairly lengthy strike, management insisted on improved productivity as part of the deal to increase wages. As a result, profitability was higher than ever.

Ferodo also gained greater market share.

Mr Good says it is best for every country to specialise in what it can produce most cheaply.

T&N plc, the UK parent, has adopted a policy which has helped exports considerably. There are certain niche market products which T&N SA can produce more cheaply than others in the T&N international group.

The SA company will produce them and export for the entire group. Exports now make up more than 10% of turnover and are expected to increase at competitive prices.

With its recently discovered flexibility, management has learned to cope with increased imports.

Although debt is too high and interest charges are not well covered, better asset management and favourable cash flow from operations are steadily remedying the situation.

A total of 64% of the automotive division's turnover supplies the replacement market and only 22% original equipment. The average age of the national car park has increased from five to eight years and can be expected to lengthen further. This must benefit T&N.

Mr Good is cautious about prospects for 1992 because motor-vehicle sales are well down and trading conditions are expected to remain difficult.

However, customer destocking, which has continued longer than expected, appears to be more or less over.

Loss areas are being tackled and are expected to benefit from changes implemented in 1991.

The astute way to 30% returns

S/Times (Buss) 26/4/92

THIS year I have concentrated on shares which commentators have tended to overlook and which appear to hold hidden value.

In my reviews of T&N and Scharrighuisen I continue this policy.

However, because many brokers have expressed doubts about the market, at least in the short term, I canvassed some opinions.

Tim May, joint editor of the new City News, is one whose views I respect.

Mr May says the market comprises four categories: blue-chip industrials; the rest of the industrial market; gold shares and other mining.

He knows of hardly anybody who has made profits on gold shares and sees no reason to hold investments where the price of the product is uncertain.

Mr May believes investors can achieve returns of 30% from companies whose profits are not too difficult to forecast.

So why hold golds and miss these opportunities?

Even if the gold price rises, the cost-cutting process on the mines has more or less done its work. From now on costs must be expected to resume their steady rise.

It is doubtful if exchange control will be relaxed to allow institutions to invest abroad. So in view of the weight of funds, demand for blue chips should remain strong in the longer term.

Rights issues will absorb some institutional cash, but not enough to relieve the market.

Mr May says blue chips often look expensive, but good quality is worth paying for.

He sees no reason for this to change.

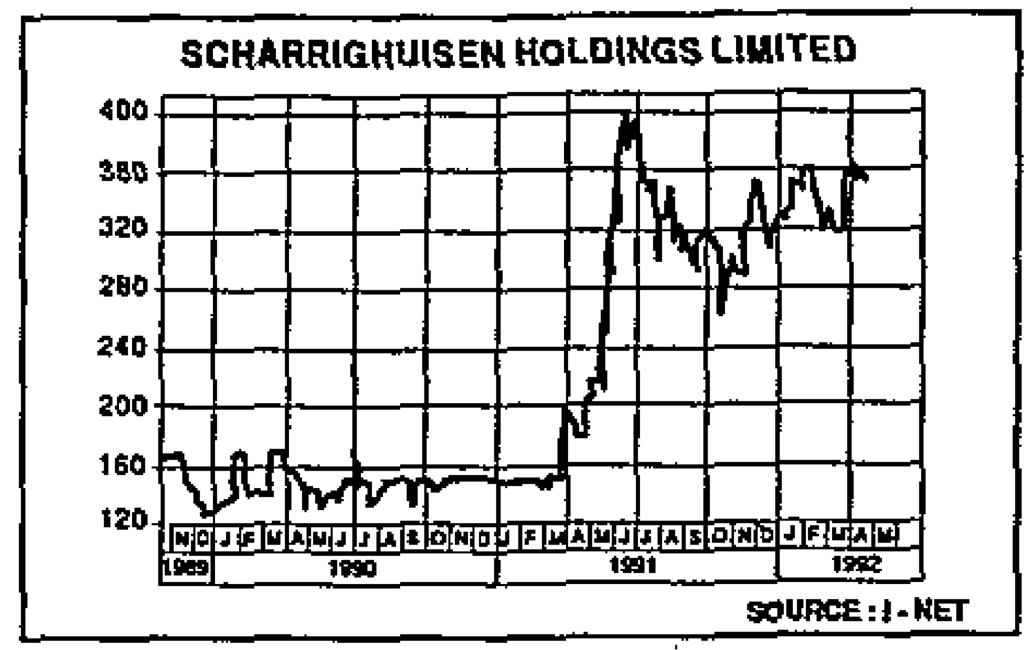
However, there is a broad industrial market where excellent value can be found because institutions can deal only in highly marketable shares. Astute private investors are realising that they can turn this to advantage and achieve returns of about double the market average.

Mr May says lower interest rates are needed urgently because too many people are being driven out of jobs or into bankruptcy. When interest rates eventually fall, the economy should improve and profits and dividends rise.

The time is right to seek value in the market and be ahead of events. Investors who are not in the market should be returning to being fully invested.

The essential ingredients of successful investment are sound research and advice. With the economy perhaps approaching an upturn at the same time as most blue chips are in high ground, this is now particularly true.

It should be stresed that Mr May is taking a longer-term view than many market commentators, including chartists, who are cautious about the immediate future.



Scharig key to success

S/Times (Buss) 26/4/92

THE secret to Scharrighuisen's success in tough times lies in the efficient use of plant in profitable niche markets.

Scharig increased earnings a share by 85% to 70,8c and the dividend by 138% to 25c in the year to December 1991.

Few listed companies can claim such a record in these times.

Joint managing director Laurie Fisher says the company's main activity is in open-cast coal contracting and rehabilitation of collieries for Gencor, Rand Mines and Sasol, among others.

Because Scharig operates for third parties, it avoids the risk of trading for its own account. Asset management is simpler. It consists of the judicious buying of plant for expansion without running up too much debt. This is an important advantage, particularly in a recession.

The lifting of sanctions has reopened France and Denmark to SA collieries, so that even if domestic demand is static, exports should grow. SA coal exports are concentrated on Europe, where ageing collieries are becoming more expensive to run and are thus reducing output.

Environmental legislation in SA is being more strictly enforced, so Scharig is enjoying more rehabilitation contracts. Last year it put out an underground fire which had caused major environmental problems from a closed-down mine near Witbank.

Scharig's basic operating procedure is the most profitable use of plant in any area where it has the expertise. This means that it can expand into related plant-based activities, and can follow a judicious policy of acquiring other businesses.

Mr Fisher says the recession gives the opportunity to buy such businesses cheaply.

Scharig's favourable rating on the JSE often gives it the choice to pay for an acquisitions either with cash or shares. This gives the advantage of flexibility.

Because Scharig last year bought two subsidiaries of Frigate, and not Frigate itself, it is free of the controversy surrounding that company. However, it enjoys a substantial tax loss from its acquisitions.

Scharig has issued a warning. In spite of the purchase of the Frigate subsidiaries last year, the company is in a position to make additional takeovers. The warning suggests that such a deal will be announced shortly.

Scharig announced its results at a time of market weakness and was not given full credit for them and its shares did not rise. At the current level, they look cheap.

Fast food is the spur

S/Times (Buss) 26/4/92

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SPUR Steak Ranches has an enviable profit record.

Earnings rose by 43% and the dividend 31% in the six months to August 1991.

It appears that customers who seek the convenience of eating out are trading down instead of having a meal at home.

Spur's core activity is franchising of sit-down, fast-food restaurants. It earns its profits from royalties paid by franchisees. The source of income is important, particularly at a time of high interest rates.

Spur does not bear the risk of carrying large stocks, financed by overdrafts. The opening of franchises should be limited only by the ability of franchisees, essentially small operators, to find the capital to open a steakhouse.

This means that Spur can maintain a strong balance sheet. In addition, dividend cover can be much lower than for a company trading for its own account.

In the past year or two, there have been unfortunate examples of retail chains which have expanded too fast and come to grief as a result. The basis of Spur's operations avoids this.

In February 1991, there were more than 100 retail outlets, of which most were steakhouses. Spur has diversified into franchised pizza houses and this experiment appears to have been successful.

Assuming slower growth in the second half-year to February 1992, Spur could earn 30c and pay 23c share. The low dividend cover means that Spur can be rated on dividend yield rather than PE. At the current price, the shares look interesting.

DIAGONAL STREET
by Robin Pegler

Engen as a rand hedge

S/Times 26/4/92

ALTHOUGH I wrote about Engen in January, the good news since then makes it worth a second look.

The European Economic Community has lifted its oil embargo on SA and it is hoped that the UN will follow soon. This could result in Engen's being able to buy crude oil more cheaply.

In addition, the interim report for the six months to February 1992 is much better than expected. Earnings a share rose 20,6% from 111c to 134c and the dividend 19,1% from 42c to 50c.

This is at a time when many companies are battling to improve profits and also in a year when Engen's earnings a share looked like falling after the 40-for-100 rights issue diluted the share capital.

In fact, the cash raised at that time has been profitably invested until it is needed for expansion and actually contributed nearly a third of total earnings.

Financing income will fall as spending on plant gathers pace, but from next financial year Engen will have 30% greater capacity. That should more than offset investment income.

Although the second phase of expansion will be completed only in 1995, Engen will then have doubled its present capacity.

Contrary to expectations, profit margins improved in the six months to February 1992. Turnover was up 4,4%, mainly because of higher exports.

Tax took 19,5% of profits. The capex. programme means that tax should be lower still for some years.

The first oil from the Alba project in the North Sea is due to start production late in 1993. Looking further ahead, the Britannia gas field in the same area is targeted to begin production in 1997.

These earnings, together with increasing exports, could make Engen an interesting rand hedge in the long term.

Management forecast that second-half earnings should be similar to those in the first half. So Engen could earn 268c and distribute 130c for the year to August 1992.

London gambling expert to testify

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Sunday Times (Cape Metro)

26/4/92

By GLENDA NEVILL

THE office of the Attorney General of the Cape has imported an expert witness from London to give evidence in its case against a local casino which allegedly contravened the Gambling Act.

This was confirmed by a member of the team of advocates which investigated the legality of casinos under the direction of acting attorney general, Mr Frank Kahn.

He said the man was attached to London University and was "a mathematical and statistical boffin and expert in the game of Blackjack".

"We do not regard this as a test case and would not be taking it to court unless we were absolutely sure that we have good grounds," he said.

The advocate said the British expert has already been in South Africa for several weeks investigating the matter. He had met with Professor Peter Salemink, the defence witness who successfully argued in the Vanderbijlpark regional court last year that Aces High was not a game of chance.

The court ruled that it was a game of skill and therefore legal — and since then over 140 casinos have gone into business throughout South Africa.

The game was developed by Mr Gary van der Merwe, Mr Derek Gertzen and Mr Tony Cunningham to bypass the Gambling Act which prohibits games of chance.

Mr Van der Merwe and Mr Gertzen are the men behind Highstead Manor, trading as The Club, who were arrested (with 37 customers) after a raid by the Narcotics Bureau this week.

No charges were put to them and the matter was postponed to April 30.

Interdict

"Our meetings with Professor Salemink did not persuade us to change our minds," the advocate said. "We do not regard Ace High as a game of skill."

Earlier this month Mr Khan issued a warning to four Cape casinos to close or face prosecution.

At the time, Mr Van der Merwe said he had done his "legal homework" and would fight attempts to prosecute him.

On Friday Mr Van der Merwe and Mr Gertzen succesfully applied to the Supreme court for an urgent interdict restraining the Minister of Law and Order, police narcotics bureau chief Colonel Muller Haggard and Mr Frank Kahn from taking action against the club, its directors and patrons or seizing its property "pending the final determination of an action".

The reprieve will last until May 11 when criminal proceedings start in the Supreme Court.

SA benefits from rise in number of tourists

B/Day 29/4/92 (288)

BILLY PADDOCK

CAPE TOWN — Tourism increased by 4,5% in the last quarter of 1991 over the same period in 1990 — SA's record arrivals year — Administration and Tourism Minister Org Marais said yesterday.

Speaking during his budget vote he said in 1990 tourism generated more than R2,5bn in foreign exchange and could easily overtake agriculture in foreign earnings.

The 4,5% did not include visitors from Africa. The bulk of the visitors were from Europe, particularly the UK and Germany, but there was a significant increase in visitors from Austria, Taiwan and Japan.

However, Marais warned that SA's tourism industry had a long way to go to attain the level of sophistication that had been achieved in most of the northern hemisphere and pacific-rim countries.

He said there was a great deal of concern that with the level of violence persisting, tourism would dwindle, airfare cuts would prove fruitless as an incentive and any hopes of international hotel chains investing would disappear.

However, he still predicted there would be 3-million tourists arriving in SA by 2000.

He said tourism created jobs directly and indirectly for about 370 000 people; retained a structural base which could be indefinitely maintained; and its socio-economic benefits were vast.

He said government was taking careful note that tourism was the largest industry in many countries, it invested in future growth at a faster pace, and its ties with goods and services in other industries made an enormous impact on GNP.

Marais said that within the formula of the government white paper on tourism, to be released soon, a number of key issues had been identified.

While culture and the environmentwere important, tourism remained primarily a people-related industry.

Therefore all initiatives "must be community driven, an investment whose primary beneficiaries are the people living in the area concerned", he said.

On public service, Marais said conditions were demanding.

While it was expected to help build a new SA, it also had to implement government policy and objectives.

At the same time the public service was constrained by a shortage of resources.

Marais said that as far as the future of officials under a new constitutional dispensation was concerned government had committed itself to protect their rights.

Marais said R2,5bn had been provisionally provided to improve the conditions of service for public servants.

Tourism grows 4,5%

(288) CT 29/4/92

Political Staff

TOURISM increased by 4,5% in the last quarter of last year over the same period in 1990 — South Africa's record arrivals year — Tourism Minister Mr Org Marais said yesterday.

Speaking during his budget vote, he said 1990 generated more than R2,5 billion in foreign exchange and could quite easily overtake agriculture in foreign earnings.

The 4,5% did not include visitors from Africa. The bulk of the visitors were from Europe, particularly the UK and Germany, but there was a significant increase in visitors from Austria, Taiwan and Japan.

Mr Marais warned, however, that South Africa's tourism industry had a long way to go to attain the level of sophistication achieved in most of the Northern Hemisphere and Pacific Rim countries.

He said there was a great deal of concern that with violence persisting tourism would dwindle, airfare cuts would prove fruitless as an incentive and any hopes of international hotel chains investing would disappear.

However, he still predicted that 3 million tourists would be arriving in South Africa by 2000.

Tourism created directly and indirectly about 370 000 wage-earners. It retained a structural base which could be maintained indefinitely and its socio-economic benefits were vast.

Tourists won't risk violence in SA — Marais

(288) ARG 29/4/92

FEW foreigners would risk visiting South Africa as a new and untried destination while violence continued unabated, the Minister of Administration and Tourism, Dr Org Marais, said in parliament.

Introducing the Tourism Budget vote debate, he said up to 3 million tourists could be expected by the year 2000, but experience had shown tourists to be cautious.

Calling for a measure of realism against rampant optimism, he said: "Should it (violence) persist, tourist numbers will dwindle, cut airfares will prove ineffective and optimism in the shape of foreign hotel chains investing substantially in South Africa will similarly disappear."

The government should get rid of laws which impeded the tourist industry and open it to extreme liberalisation, Mr Billy Nel (NP, East London City) said.

"Some laws actually prevent tourism," he said. These included liquor laws, laws prohibiting Sunday activities and gambling laws. Tourism had to cater for the poorer tourist and black tourism had to be encouraged.

chairman Pravin Gordhan Transvaal has been divid

STAR 29/4/92 (288)

1-m tourists could generate R7,5-bn

CAPE TOWN — South Africa could receive an estimated 1 million tourists in 1995 which would generate about R7,5 billion, create about 150 000 jobs, require new buses worth R150 million and necessitate new hotel development costing about R4,6 billion.

This was revealed in Parliament during the tourism budget vote yesterday by Minister of Administration and Tourism Dr Org Marais.

Referring to the Government's final tourism policy and strategy, contained in a White Paper to be finalised at today's Cabinet meeting, Dr Marais said this was the Government's response to the Strategic Framework for Tourism Development document compiled by the South African Tourism Board and the Development Bank of Southern Africa.

The number of foreign tourists visiting SA had increased by 4,5 percent in the year to September 1991.

The country had also experienced the international slump in tourism which followed the Gulf War.

Tourism, excluding air fares, had generated R2,572 billion in foreign currency in 1990, manufacturing had earned R30,286 billion, gold exports R18,069 billion, mining and quarrying R8,309 billion and agriculture R2,751 billion.

"By extrapolation, it is easy to see that tourism has considerable potential and has the capacity to outstrip agriculture as one of the country's major foreign exchange earners."

Calling for a measure of realism, Dr Marais said: "Few foreigners will risk South Africa as a new and untried destination while violence continues unabated." — Sapa.

Tough govt stand on gambling

285 282 285

GOVERNMENT had accepted proposals for draft legislation that would clearly outlaw gambling for personal gain, Justice Minister Kobie Coetsee said yesterday.

Introducing the debate on the Justice Vote, he also said he did not intend to extend permission for Sunday films until the new legislation came before Parliament. B/Day

The departments of Justice and of National Health, in a document on proposed amendments to the Gambling Act, had suggested gambling and lotteries for pure personal gain were unacceptable and should remain illegal. 30/4/92

Coetsee said he was pleased to be able to say that this proposition — gambling in the true sense of the word was unacceptable — had been accepted by government.

On the issue of Sunday films, Coetsee stood firm.

He did not intend extending the present concession after it expired on April 30.

"The relevant legislation is already ready and will be considered by Parliament very shortly," he said. — Sapa.

BAROMETER

W/Mail 30/4-7/5/92 (288)

Tourism W/Mail 30/4-7/5/92

IN 1995, one million tourists are expected to visit South Africa as the country's international relations thaw, says Minister of Administration and Tourism Org Marais. (288)

The tourists would generate about R7,5-billion, create about 150 000 jobs, require new buses worth R150-million and need hotel development to the tune of about R4,6-billion.

Brown Nats W/Mail 30/4-7/5/92

NATIONAL PARTY membership in the House of Representatives last week increased to 40 when the MP for Britstown, Louis Hollander, joined the party.

Medical Aid

National Health and Population Development Minister, Rina Venter, said in parliament this week that payments by medical aid schemes to private hospitals had increased by 55 percent from 1989 to 1990.

For this reason, she would table draft legislation to amend the Medical Schemes Act which would allow medical aid bodies to: manage their own affairs, create opportunities for cost-cutting and counter malpractice.

W/Mail 30/4-7/5/92

Curtain falls for now on Sunday films

(288)

ARG 30/5/92

Political Staff

SUNDAY movies are out until parliament enables local authorities to decide whether to permit them.

This was announced yesterday by Justice Minister Kobie Coetsee who told parliament the concession for movies at certain cinemas on Sundays ended today.

He did not intend extending it, he said, noting that legislation was ready for tabling "very soon" to give local authorities the say.

Mr Coetsee said Sunday filmshows had been allowed in the past. "There was never a rumpus over the expiry of the period," he said.

Experience on this issue showed that the attitude of local authorities was a crucial factor. They were best placed to determine whether Sunday movies offended their community.

He said there were efforts to have the temporary permission extended beyond the April holidays for an indeterminate period until the legislation was enacted.

Mr Coetsee said he had been advised and believed that such a step would deprive local authorities of deciding independently, according to their reading of the communities' desires.

It would also place improper pressure on them, he said.

Turning to gambling, he said the government viewed gambling for private gain as unacceptable. "Therefore it is necessary that legal certainty is created in this regard as soon as possible.

"If time allows, we will table legislation this session to attune our legislation to the internationally acceptable definition of gambling."

But Mr Coetsee said the government was sympathetic to exceptions which could be permitted: fundraising for education, health and welfare, with in-built, moderate control and regulation of it.

The government would investigate games of chance for these purposes. It had consulted certain churches, provincial administrations, interested departments and financial institutions.