



PARLIAMENT
OF THE REPUBLIC OF SOUTH AFRICA

COMMITTEES SECTION

PO Box 15 Cape Town 8000 Republic of South Africa

Tel: 27 (21) 403 2597 Fax: 27 (21) 403 3205

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Minutes of the Portfolio Committee on Tourism

Date : Friday, 12 June 2015
 Time : 09:00 – 13:00
 Venue : Media Centre, Cape Town International Airport, International Arrivals Corridor
 Agenda :

- Briefing by Airports Company South Africa (ACSA) on initiatives to support tourism growth and development;
- Consideration of minutes of the 29th April 2015; and
- Closure

Attendance by Committee Members

Status	Name of Member	Political Party
Present	Ms. B. Ngcobo (Chairperson) Ms. L.S Makhubela-Mashele Ms. P.E Adams Ms. E.K.M Masehela Mr. S.D Bekwa	African National Congress (ANC)
	Mr. J. Vos Mr. G.R Krumbock Mr. A.G Whitfield	Democratic Alliance (DA)
Apologies	Ms. S.T Xego Mr. J.A Esterhuizen	African National Congress (ANC) Inkatha Freedom Party (IFP)

Officials in attendance:

Airports Company South Africa (ACSA)

Name of delegate	Organisation	Designation
Mr. M. Maclean	ACSA	Deputy General Manager
Mr. P. Roberts	ACSA	HOD Service Standards
Ms. A. Klingenberg	ACSA	Manager: Infrastructure Planning
Mr. L. Motasi	ACSA	Manager: Terminal
Ms. D. Francis	ACSA	Manager: Stakeholder Relations
Ms. J. Setoaba	ACSA	Coordinator: Events

*Guest attendance register attached

National Department of Tourism:

Name of delegate	Organisation	Designation
Ms. S. Ngidi	NDT	Chief Director: Policy Development
Ms. N. Rockman	Ministry	PLO: Office of Deputy Minister
Ms. Q. Soeker	NDT	Administrative Officer
Mr. O. Mantanga	NDT	Administrator Officer

Parliamentary support staff:

Parliamentary support staff	Designation
Mr. J. Boltina	Committee Secretary
Ms. J. Ntuli	Committee Researcher
Dr. P.S Khuzwayo	Content Advisor
Ms. N. Petersen	Executive Secretary to the Whip
Ms. S Sixaso	Executive Secretary: Chairperson's Office
Mr. K. Lobi	Committee Assistant

1. Introduction

The Chairperson welcomed all present and outlined the purpose of the visit, which was to receive a briefing from Airports Company South Africa (ACSA) on initiatives undertaken to improve tourism growth and development. Amongst other things, the Chairperson requested ACSA to deal with tariffs, airport charges, baggage damage, baggage pilferage, and universal accessibility as these affect tourist and destination image for South Africa.

2. Briefing overview

The HOD for Service Standards summarised the business of the company as follows:

- 2.1 The company has the South African Government, through the Department of Transport, as a major shareholder and is regarded as a state owned company (SOC) in terms of the Public Finance Management Act. ACSA is legally and financially autonomous and operates under commercial law.
- 2.2 ACSA is considered to be a forward-thinking business with global ambitions, working to realise its vision of being not just the pre-eminent airport operator in the developing world, but also a leading global airport company that is highly efficient and customer-oriented.
- 2.3 In terms of the Airports Company Act of 1993, ACSA is mandated to undertake the acquisition, establishment, development, management, control and operation of any airport or any part of the airport or facility or service at any airport normally related to the functioning of an airport.

- 2.4 The company has a South African footprint that includes airports and support operations in nine key business and tourism hubs across the country. The global footprint also extends to airport management and operating concessions in India and Brazil as part of its growing presence in the BRICS grouping as well as emerging economies.
- 2.5 The company is a state-owned and schedule 2 public entity as per the PFMA, and is accountable to the Minister of Transport on behalf of the South African Government. The ownership structure is as follows:
- South African Government - 74.6%;
 - Public Investment Corporation – 20%;
 - Empowerment Investors – 4.21%; and
 - Staff Share Incentive Scheme – 1.19%.
- 2.6 Marketing Information Data Tapes (MIDT) is used for processing data throughout the global airline / aviation and tourism industry. The MIDT contains all booking records made via the major Global Distribution Systems (GDS). These include Sabre, Amadeus, Galileo, Worldspan, and internet booking sites where the booking “engine” is supported by one of these GDS providers (such as Travelocity).
- 2.7 MIDT contains origin and destination data of the passengers travelling to and from, as well as within South Africa (two-way pax). Point of Sale Country, where the ticket was booked, specifies whether the passenger was a South African or a foreigner.

Source Markets by Regions

- 2.8 Europe – The United Kingdom remains the Cape Town International Airports biggest European market. Germany and the Netherlands (2nd and 3rd largest markets). Switzerland has shown solid growth. France is growing and the European market is stimulated by direct flights.
- 2.9 Africa – Namibia is the Cape Town International Airport’s largest African market. Angola is the second and has shown consistent growth. Kenya has consistent growth since 2010. Ethiopia has a direct flight to Cape Town in line with the airline’s hubbing strategy. Zimbabwe has shown consistent growth.
- 2.10 North America – United States is the largest in terms of market size. This market grew from 124 000 in 2010 to 171 000 in 2014, which is translated to 38 percent increase. This is also due to seasonality anomaly. The top 5 US cities are New York; Washington; Los Angeles; San Francisco; and Chicago. Miami, albeit only 8th largest source market does not have favourable geographical potential as a hub for traffic between Cape Town and the United States.
- 2.11 Asia – India is the Cape Town International Airport’s biggest Asian market. The seasonality anomaly is between May to June.
- 2.12 Baggage Improvement Initiatives

The CTIA has implemented the following initiatives:

- Security vetting for Permits onto Airside.
- Landslide Locker facility at a security screening area (Foxtrot 8).
- Security screening point before entering the baggage sortation area.
- CCTV systems in the baggage hall with a dedicated monitoring station.
- Secure lockable cages for early bags.
- Regular awareness campaigns with baggage handling and security staff.
- Physical SAPS presence and patrols of the baggage handling areas.
- Zero tolerance approach when dealing with any form of baggage pilferage; and
- Separate hold baggage screening area.

2.13 New Immigration Regulations

ACSA indicated that after consultation with the Home Affairs Ministry:

- There was a delay in the implementation of the new regulations following engagement with the Department of Home Affairs (DHA) and Ministry. New Regulations were implemented fully on 1 June 2015.
- The impact of the new regulation on airport processes is minimal thus far, although industry-wide concerns remain.
- Only 2 passengers were denied entry / exit, namely, 1 foreigner and 1 South African thus far. Various travellers are being assisted to comply with the new regulations.
- There is ongoing communication with passengers through agencies, airlines and immigration officers. Working sessions were facilitated with DHA, airlines and embassies to align processes.
- There are on-going discussions with airlines to ensure that passenger compliance and address concerns. The focus being on quality service delivered to passengers, especially families, remains a priority. Airport facilities for denials are available, particularly for families.

2.13 Self Service Projects

The following two projects are reported to be underway:

- **Self Service Bag Drop** – the project is to install and trial run an automated bag drop at OR Tambo International Airport. The success of this trial period will determine the rollout to all airports.
- **Self Service Boarding** – this project is in the scoping phase to install a trial period in Cape Town. Challenge exists with no E-passport or E-Identification documents. Procedure for airline to check ID and Self Boarding are being proposed.

3. Deliberations

- **Airport capacity** – the company indicated that at the moment there is no challenge with the runway capacity. The restriction is only with landing a Code F aircraft, namely, the new generation A380 aircraft. The industry is particularly sensitive with regard to the confirmation of the needs and requirements of the major infrastructure projects that are currently in planning and / or design phase, such as the realignment of the main runway at Cape Town International Airport and the aircraft parking stands at OR Tambo International Airport. Finding agreement on needs and requirements of the aviation sector reduces regulatory uncertainty for the entire industry. Home Affairs also has capacity to process

passengers and this could be improved if more officials/ or all officials on duty could be at their workstations when international aircrafts arrive.

- **Department of Transport (NDoT)** – ACSA indicated that it is dependent on the leadership of the DoT with respect to the implementation of the Economic Regulatory Review Roadmap. The DoT is a pivotal role player in the process of finalising the amendments required to the Airports Company Act as well as the adoption of a revised funding model.
- **Partnerships** – the company has partnerships in place with airlines, cities and tourism stakeholders. Constructive engagement with industry stakeholders are continuously being enhanced with agreement reached during the past year on a three-tier engagement model that would remain in place for the foreseeable future. Partnerships have been established with the City of Cape and WESGRO on route development to increase number of arrivals at Cape Town International Airport. Some of these include partnerships/ concessions that have been concluded with Mumbai and Sao Paulo. The airport has also entered into partnership with Miami/ Florida to grow number of arrivals from the United States. Another partnership exists with Angola, Kenya and Ethiopian airlines.
- **Contribution towards government objectives** – ACSA acknowledged that business landscapes are constantly changing to the extent that organisations are expected to embed and embrace transformation and sustainability imperatives within their current business operations. Equally relevant, from a government perspective, ACSA will support government programmes, such as the National Development Plan. To this end, ACSA is involved in corporate social investment projects with communities within 10km radius of the airport.
- **Noise level its impact on communities** – the company indicated the plans were in place and communities are being consulted through monthly and quarterly stakeholder forums.
- **Statistics** – the Committee wanted to know the relevance of ACSA stats compared to the statistics collected by the National Department of Tourism; South African Tourism and the Department of Home Affairs. ACSA indicated that there is no comparison done with Stats SA and NDT/SAT statistics as they purchase their statistics from an independent company. ACSA is also using an independent company to conduct population survey for Airport Service Quality (ASQ). ACSA allows tourism authorities to conduct departure surveys on departing tourists at all airports but this is done at scheduled times to avoid inconveniencing travellers.
- **Airlift Strategy** – the Committee wanted to know the role ACSA plays in creating more airlift. The company indicated that though it does play a role, however, the process is led by the National Department of Transport (NDoT). However, ACSA is currently developing its Route Development Strategy led by the King Shaka International Airport.
- **Tariffs** – ACSA explained that concessions are being considered with a number of countries to bring the external revenue, this ultimately will lower the tariffs. Furthermore, ACSA submitted on 1 December 2014 their Permission Application for the 2015/16 to 2019/20 period based on the current economic regulatory approach. The Permission decision is expected to be communicated by the Regulatory Committee not later than 31 July 2015.
- **Impact of New Regulations** – the company indicated that at the Cape Town International Airport only 2 cases of denial of entry / exit were reported since the new regulations became effective on 1 June 2015. As of 12 June 2015, no cases had been reported at other airports as well, including the OR Tambo international Airport. The major impact has only been felt on increased processing times for travellers as immigration officials have to conduct secondary screening for unabridged certificates.
- **Baggage mishandling** - the International Air Transport Association (IATA) has set the international target of Mishandled Bags at 4 per 1000 processed bags. Bag pilferage is

also classified as mishandled bags. ACSA had reduced this target to 2 Mishandled Bags per 1000. The average rate of pilferage at Cape Town International Airport is 1 per 37 000 bags handled. A private company is responsible for handling bags and airlines are responsible for bag security.

- **Transformation from an employee perspective** – ACSA indicated that they plan to continue with robust interventions toward achieving full diversity. These would include removing barriers to entry and focus on ensuring employment equity.
- **Preferential procurement** – procurement spend will be used to support the Government transformation agenda towards the ensuring the participation of previously disadvantaged communities. Preference will be given to businesses that are black-women owned; black-youth owned and black owned by people with disabilities.
- **Job creation** – is the key deliverable outcome contained within the National Development Plan. ACSA undertook to continue to ensure that they create direct, indirect and induced job creation opportunities.
- **Dealing with customer complaints** – ACSA is working closely with the Tourism Complaints Officer and has received complaints from that office. Complaints are dealt with through the ACSA website. Complaints are fed to a Viewing Deck and responses are made within 24 hours either through emails or personal calls. Real time responses are done through the SMMS at the airport to deal with onsite complaints.
- **Seasonality and domestic tourism** – the Low Cost Airlines (LCC) use price aggressiveness to compete for domestic travellers. New airlines have entered the LCC market and this assist with mitigating seasonality. For example, Flysafair has announced a new route between Cape Town and George and this will boost local tourism and mitigate seasonality in George. More airlines are needed to fly to small towns and there is a need to deal with the issue of charges to ensure affordability and increase domestic airlift. ACSA also serves in the Airlift Committee established by The Destination Marketing, Investment and Trade Promotion Agency for the Western Cape (WESGRO) to deal with airlift and seasonality in Cape Town.
- **Airports as hubs for trade and tourism destination enhancement**- the major airports in the country, namely King Shaka, Cape Town, and OR Tambo international airports are poised for upgrading as aerotropolis hubs. This will see these airports used as catalysts for regional economic development. An area of 20km radius within the affected airport will be used as an aerotropolis space. The six regional airports will continue to support the OR Tambo International Airport as the national hub.

Decision

The Committee deliberated on the presentations and agreed that:

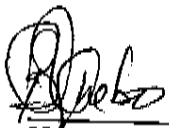
- ACSA will be given an additional slot in the committee programme to come and present on Infrastructure Planning and Integration: 5 year infrastructure plan for the Cape Town International Airport.
- The National Department of Tourism should work closely with ACSA and Stats SA in collecting data to ensure credibility of tourist statistics.

4. Consideration of minutes

The Chairperson recommended the draft minutes of the 29th April 2015 be deferred for consideration and adoption to the 19th June.

5. Closure

The meeting adjourned at 17:30.



Ms B. Ngcobo, MP
Chairperson: Portfolio Committee on Tourism
National Assembly

19/06/15
Date