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**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER: 2308 [**NW2521E**]**

**DATE OF PUBLICATION: 11 August 2017**

**2308. Mr N F Shivambu (EFF) to ask the Minister of Finance:**

Whether FlySAA is generating revenue from all lounges in airports across the country; if so, (a) what amount and (b) what is the cost of running the specified lounges in each case? NW2547E

**REPLY:**

The Lounges are facilities operated by SAA and offer selected [passengers](https://en.wikipedia.org/wiki/Passenger), comfort beyond that that is afforded in the [airport terminal](https://en.wikipedia.org/wiki/Airport_terminal). Such comfort includes comfortable seating, quieter environment, and often better access to customer service representatives. Other offers include [wireless internet](https://en.wikipedia.org/wiki/Wireless_internet) accessand other business services.

The Lounges mainly serve as a service offering to premium passengers, those flying [business class](https://en.wikipedia.org/wiki/Business_class), and to [frequent fliers](https://en.wikipedia.org/wiki/Frequent_flier) who are Voyager members and have achieved a prescribed voyager membership status.

During financial year 2016/17 SAA’s eight (8) Lounges generated a revenue totaling: (a**) R74, 867, 946** at the operating costs of: (b) **R106, 519, 595**

Philosophy of an Airline Lounge:

An Airline Lounge is more of a differentiating factor than a profit/revenue making stream, for the following reasons:

* The market is seeing increased ground services activity as operators strive to compete on quality provision. The business/first class lounge is an especially important part of the ground service experience, and one of the most critical branding elements for an airline.
* To meet the needs of First Class, Business Class and Airlines Frequent Flyers customers, airlines seek to offer a complete airport to airport experience, not only in the air but also on the ground. Well-designed lounges provide a refuge from a very busy airport and an opportunity for airlines to demonstrate their character, qualities and service level.
* For the airline, the quality of their lounge and lounge services are an extension of their brand and a way of enhancing customer relationships. As passengers spend more time at the airport, due to increased security, congestion and delays, the lounge experience has become a powerful differentiator in airline selection.