###### National Assembly

###### Question Number: 326

**Ms T Gqada (DA) to ask the Minister of Transport:**

(a) What are the reasons that the Airports Company South Africa (ACSA) reduced the passenger services charges for the 2017 calendar year, (b) what criteria were used to determine the reduction of charges, (c) what impact will the reduction of charges have on ACSA and (d) what measures are put in place to mitigate the impact of the reduction of charges? NW345E

**REPLY:**

1. The largest contributors to the reduction in the ACSA tariff in 2016/17 are the following:

(i) Durban International Airport (DIA) proceeds; and

(ii) The Claw back

This causes a temporary reduction in the tariff while the amounts are being returned to the users. Once these amounts have been returned to the users, there will be an increase in the tariff in 2020/21. The Regulating Committee has noted that this should be considered during the next Permission application.

1. The Regulating Committee to ACSA and ATNS applies a regulatory approach for the determination of revenues for ACSA which results in airport charges. The regulatory approach allows for a return on capital invested. This can be effected by claw backs i.e. historical capital expenditure claw back.The Regulating Committee has concluded that only 50% of the proceeds relating to the DIA should be returned to the users. The tariff reduction was calculated using ACSA’s model, where ACSA had inserted a tariff reduction in 2015/16 and 2016/17 as a result of the capex under spend.

c) It will result in a reduction in tariffs in years 2017/18 and a subsequent increase in the tariff in 2020/21 will in excess of CPI once the claw-back and DIA proceeds have been returned to the users. The reduction is a temporary measure over 2017/18, 2018/19 and 2019/20. Thereafter there will be an increase returning the tariffs more in line with ACSA’s long-term historical capital expenditure claw back.

1. The reduction in charges is temporary in nature. ACSA’s model shows certain key financial ratios that were considered by the Regulating Committee to determine affordability. Furthermore, the Department of Transport has developed a roadmap for the review of the economic regulatory framework for ACSA and ATNS to address issues of predictability, transparency and long term sustainability of ACSA and the aviation industry at large. This involves amendments to the Airports Company Act and agreement amongst industry stakeholders of an appropriate funding model.