



ENGAGEMENT WITH THE DEPARTMENT AND ITS ENTITIES



transport

Department:
Transport
REPUBLIC OF SOUTH AFRICA

PRESENTATION OUTLINE

- Purpose
- Deregulated South African Air Transport Market
- Market Access – Entry into the Market



PURPOSE

The purpose of the presentation is to brief the Portfolio Committee on the position of the Department regarding the determination of charges/fees/tariff/costs



DEREGULATED SOUTH AFRICAN AIR TRANSPORT MARKET

- Prior to deregulation in 1990, tariffs were regulated due to the absence of effective market forces within the domestic aviation market.
- Pricing for all domestic air carriers is currently deregulated – the airlines may offer any fares they deem necessary to attract business while maintaining a profitable operation.
- Market forces would, however, determine the commercial opportunities and the ultimate number of air carriers that are able to operate commercially sustainable air services
- Airlines can file a complaint regarding anti-competitive fares with the Competition Commission.



DEREGULATED AIR TRANSPORT MARKET CONT.

- National Civil Aviation Policy, 2017 - Domestic air carrier pricing should remain deregulated with the primary principle being that the market should determine the price, subject to the general controls over economic activity applicable to all industries, including the Competition Act.



MARKET ACCESS – ENTRY INTO THE MARKET

- For market access, the Air Services Licensing Act requires the air service licensees to provide safe and reliable air services.
- The financial and operational requirements of airlines are managed through the Air Services Licensing Council
- The Safety Regulator, SACAA, deals with technical matters with emphasis on safety-related issues



RECOMMENDATION

It is recommended that the Portfolio Committee notes the position of the Department regarding the determination of charges/ fees/tariff/costs



THANK YOU

