

**DEPARTMENT OF TRANSPORT
DEPARTEMENT VAN VERVOER**

**CHIEF DIRECTORATE : CIVIL AVIATION
HOOFDIREKTORAAT : BURGERLUGVAART**

**ADDENDUM TO "THE DOMESTIC AIR TRANSPORT POLICY, MAY 1990"
ADDENDUM TOT "DIE BINNELANDSE LUGVERVOERBELEID, MEI 1990"**

**AUGUST 1991
AUGUSTUS 1991**

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ADDENDUM TO THE DOCUMENT ENTITLED "THE DOMESTIC AIR TRANSPORT POLICY, MAY 1990"

In the document entitled "The Domestic Air Transport Policy, May 1990" (the Policy Document) the Government reserved its viewpoint with regard to recommendations R.32, R.40, R.42, R.43, and R.53 (all regarding the role of South African Airways), as formulated in the document.

With regard to these recommendations, the Government has decided as follows:

"On the basis of the Domestic Air Transport Policy Document (the Policy Document), the Cabinet agrees that:

- (a) South African Airways (SAA) must operate autonomously and on a commercial basis*
- (b) SAA must be prevented to use profits made on its international services to subsidize its domestic services;*
- (c) mutual cross-subsidization between SAA and Transnet must be prevented;*
- (d) SAA will not render any services to the Government below actual cost;*
- (e) SAA will pay taxes, licence fees, landing fees, airport charges, etc. in full, if it is not already the case;*
- (f) SAA will not enjoy any privileges, as a result of its vested position, regarding the use of airport facilities;*
- (g) SAA will not enjoy any privileges in terms of any legislation or any other practice as a result of it being part of Transnet or as a result of it being a Government enterprise;*
- (h) the Government will in future not guarantee new loans to SAA or any other airline with Government interests, whilst private airlines have to borrow at their own risk; and*
- (i) the Minister of Economic Co-ordination and Public Enterprises ensures that the steps taken by him in regard to the transfer of the business of the South African Transport Services to Transnet will not be to the advantage or disadvantage of SAA's competitive position, with specific reference to the valuation of assets."*

With regard to the implementation of the new policy, concerning –

- *the role of the Competition Board (recommendations R. 18, R.21 and R.54 of the Policy Document); and*
- *other matters for implementation (recommendations R.51 and R.53 of the Policy Document),*

The Government has decided as follows:

“The Cabinet agrees that:

- (a) *the Competition Board will, in accordance with the powers vested in it under the Maintenance and Promotion of Competition Act, 1979 (Act 96 of 1979), take the initiative to ensure that new entrants into the deregulated domestic air transport market will be given fair access;*
- (b) *the role of the Competition Board, as worded below, be stated in the Policy Document, namely:*
 - (i) *“to initiate, within the Board’s powers in terms of the Maintenance and Promotion of Competition Act, 1979 (Act 96 of 1979), Such steps which may be necessary to ensure that SAA, or any other airline in future, is not involved or will not become involved in any restrictive practices as defined in section 1 of the above-mentioned Act; and*
 - (ii) *to take such additional steps as may be necessary from time to time in order to ensure the SAA will, as a result of its relations with the Department of Transport, Transnet or the Government, not obtain an unfair competitive advantage over the other participants in a deregulated air transport industry in South Africa;*
- (c) *the Competition Board will, without derogating from the general nature of mandate, take specific steps to ensure that SAA (at present the dominant participant) will not in principle:*
 - (i) *apply in its domestic activities, discriminating practices in the sense that they will pose an obstacle to entry by another airline; and*
 - (ii) *prevent other domestic competitors from having equal access to supporting services and facilities, such as:*
 - *maintenance;]*
 - *training; and the*
 - *computer reservation system;*
- (d) *the Document of Transport, in terms of its mandate, powers and authority will take the responsibility for:*

- (i) the ensurance of equal access to all airport facilities for all airlines; and*
 - (ii) the full control over the setting of pilot training standards and the testing of individual pilots after training; and]*
- (e) the State through the Minister for Economic Co-ordination and Public Enterprises, will arrange for, on an administrative basis with SAA, those aspects concerning the structure of SAA, including the recommendations contained in the Policy Document referred to above.”*

DEPARTMENT OF TRANSPORT
PRETORIA

August 1991