

TO	MR MICHAEL MABUYAKHULU, MPP MEC FOR ECONOMIC DEVELOPMENT, ENVIRONMENT, TOURISM
FROM	MR HAMISH ERSKINE ACTING CHIEF EXECUTIVE OFFICER, DUBE TRADEPORT
SUBJECT	<b>NOTING OF THE AIR SERVICES ROUTE DEVELOPMENT PROGRAMME</b>
DATE	27 MARCH 2015

## 1. PURPOSE

The purpose of this submission is to provide a briefing note to the Honourable MEC of Economic Development, Tourism and Environmental Affairs on the Route Development Support Programme as developed by the Air Services Committee and approved by the Dube TradePort Board.

## 2. BACKGROUND AND DISCUSSION

In August 2014 the Honourable MEC of Economic Development, Tourism and Environmental Affairs, Mr. Michael Mabuyakhulu, established a provincial air services committee to co-ordinate and drive new air services from King Shaka International Airport.

The Committee was constituted as follows:

- Dube TradePort Corporation
- KZN Tourism Authority
- KZN Department of Economic Development, Tourism, and Environmental Affairs
- Airports Company of South Africa
- KZN Department of Transport

### 3. ROUTE DEVELOPMENT SUPPORT PROGRAMME

3.1 To date, a **Route Development Strategy** and **Route Development Support Programme** have been finalised. The following table summarizes the target airlines identified in the strategy by category and priority.

**Table 1: Target Airlines by Strategy and Priority**

Airlines for Single Routes	Airlines for Multiple Routes	Airlines exerting multiple market influence
<ul style="list-style-type: none"> <li>▪ British Airways</li> <li>▪ Virgin Atlantic</li> <li>▪ Lufthansa</li> <li>▪ Turkish Airlines</li> <li>▪ KLM / Air France</li> <li>▪ Brussels Airlines</li> <li>▪ Kenya Airways</li> <li>▪ SAS</li> <li>▪ Ethiopian Airways</li> <li>▪ Norwegian</li> <li>▪ Arik Air</li> <li>▪ Condor</li> <li>▪ Swiss</li> </ul>	<ul style="list-style-type: none"> <li>▪ SAA</li> <li>▪ SA Express</li> <li>▪ SA Airlink</li> <li>▪ Fastjet</li> <li>▪ Kulula</li> <li>▪ Comair</li> <li>▪ Mango</li> </ul>	<ul style="list-style-type: none"> <li>▪ Emirates</li> <li>▪ Qatar</li> <li>▪ SAA</li> </ul>

The strategy identifies seven distinct market groups where air service growth and development could be delivered based on current traffic data. These are listed in Table 2 below.

**Table 2: KZN Route Development Strategy Market groups and Target Airlines**

Group	Target	Focus	Target Airline
1	London	Secure a direct non-stop scheduled passenger service to London, preferably Heathrow Airport to operate with at least 3 frequencies per week on a year round basis and a suitable aircraft to accommodate cargo uplift	<ul style="list-style-type: none"> <li>▪ SAA</li> <li>▪ Virgin Atlantic</li> <li>▪ British Airways</li> <li>▪ Condor</li> <li>▪ Norwegian</li> </ul>
2	The Gulf region	Target growth through additional capacity or increased frequency with the incumbent Gulf carrier Emirates, keeping relationships	<ul style="list-style-type: none"> <li>▪ Emirates</li> <li>▪ Etihad Airways</li> <li>▪ Qatar Airways</li> </ul>

Group	Target	Focus	Target Airline
7	Charter Flights	To complement the target scheduled network, secure dedicated long haul and short haul charter services to deliver increased visitor numbers and support the objective to be the premier leisure destination of South Africa.	<ul style="list-style-type: none"> <li>▪ Thomson (UK)</li> <li>▪ Thomas Cook (UK)</li> <li>▪ Tui Travel (Europe)</li> <li>▪ Virgin Holidays (UK)</li> <li>▪ LOT Polish Airlines</li> <li>▪ Mega Maldives (China via Maldives)</li> <li>▪ CAISSA (China)</li> <li>▪ Edelweiss</li> </ul>

### 3.2 ROUTE DEVELOPMENT SUPPORT PROGRAMME

The route development strategy recommends that the funds specifically allocated for route development by DTPC be utilised in three distinct categories as follows:

- New routes
- Existing Route/Airlines expansion

The principles, objectives, and exclusions of the programme are:

#### Objectives

- To provide a mechanism for attracting and supporting new and direct air services routes for King Shaka International Airport
- To increase direct connectivity to international hubs
- Position King Shaka International Airport as a destination of choice for airlines seeking to expand their networks

#### Principles

- Sustainability
- Value for money

#### Exclusions

- The programme will not provide support to any airline or entity which contravenes the Public Finance Management Act of the Republic of South Africa
- The programme will not support full operating cost subsidization to any airline or entity
- The programme will not enter into any support funding mechanisms with any airline or entity that involves Dube Tradeport Corporation purchasing seat or cargo capacity or entering into any revenue guarantee agreements.

**Category 4: New “Regional” Short Haul Cargo Service to an un-served destination within Africa excluding South Africa**

Year	Applicable Rebate
1	66% of the applicable Landing Fees, Aircraft Parking Fees and Air Navigation Service Charges at KSIA
2	33% of the applicable Landing Fees, Aircraft Parking Fees and Air Navigation Service Charges at KSIA

**Category 5: New “International” Long Haul Cargo Service to an un-served destination**

Year	Applicable Rebate
1	75% of the applicable Landing Fees, Aircraft Parking Fees and Air Navigation Service Charges at KSIA
2	50% of the applicable Landing Fees, Aircraft Parking Fees and Air Navigation Service Charges at KSIA
3	25% of the applicable Landing Fees, Aircraft Parking Fees and Air Navigation Service Charges at KSIA

**Category 6: Charter Services (from selected destinations)**

Year	Applicable Rebate
1	75% of the applicable Landing Fees, Aircraft Parking Fees and Air Navigation Service Charges at KSIA
2	50% of the applicable Landing Fees, Aircraft Parking Fees and Air Navigation Service Charges at KSIA
3	25% of the applicable Landing Fees, Aircraft Parking Fees and Air Navigation Service Charges at KSIA

**Category 7: Existing Customer Production for Regional Routes**

Year	Applicable Rebate
1	75% of the applicable Landing Fees, Aircraft Parking Fees and Air Navigation Service Charges at KSIA
2	50% of the applicable Landing Fees, Aircraft Parking Fees and Air Navigation Service Charges at KSIA
3	25% of the applicable Runway Charge and Aircraft Parking Charge at KSIA

**Joint Marketing Programme – Partner Entities**

Partner entities on the Air Services Committee will provide market development support as below:

- Hosting educational or familiarisation trips for outbound tour operators from the key source markets to promote the destination through the airline;
- Hosting of educational or familiarisation trips for media from key source markets to promote and build image of the destination through the airline;
- Hosting of educational or familiarisation trips for airline sales agents and executives to create awareness and knowledge about the destination;

Noted:



**MEC MIKE MABUYAKHULU**  
**EXECUTIVE AUTHORITY**

17/04/2015  
DATE

**CC: Ndabo Khoza**

**Cosmos Hamadziripi**

**Terence Delomoney**

**Patrick Dorkin**

**Phillip Sithole**

**Claude Pretorius**

**CEO: KwaZulu-Natal Tourism Authority**

**Economist, EDTEA**

**General Manager: KSIA ACSA**

**Senior Manager: KZNDOT**

**CEO: Durban Tourism eThekweni Municipality**

**Senior Manager: TIKZN**