



## **KEYNOTE ADDRESS BY TRANSPORT MINISTER DR BLADE NZIMANDE ON THE OCCASSION OF THE 25TH ANNIVESARY OF ACSA HELD AT THE SANDTON CONVENTION CENTRE IN JOHANNESBURG**

21 February 2019

Programme Director;

Chairperson of the Portfolio Committee on Transport

Minister present;

Deputy Minister of Transport;

MECs;

Board Members and Chairperson of the Board, Advocate Sandile Nongxina;

Members and CEOs of Transport Sector Entities;

Acting Director-General of the Department, Mr Chris Hlabisa;

ACSA Acting ACSA Ms Bongwiwe Mbomvu;

International guests and all other participants

Members of the media;

Ladies and Gentlemen

It is a great honour and privilege to join you as we celebrate the 25<sup>th</sup> Anniversary of the Airports Company South Africa (ACSA). This is the year that the governing party, the African National Congress has declared “ ***The year of United Action to grow South Africa***”.

During the 25th Annual State of the Nation Address (SONA), President Ramaphosa said this year, 2019, South Africa will celebrate a quarter of a century since the triumph of freedom over subjugation, the triumph of democracy over racial tyranny, the triumph of hope over despair, despite the many scars of the past and the challenges we still face.

This we can do as team transport by ensuring that all South Africans, particularly, the poor, women, youth and all the previously oppressed are empowered by significantly expanding opportunities for a better life.

We therefore have to accelerate our efforts on reigniting growth and development, by creating jobs through investment into infrastructure and skills development. An entity like ACSA has a hugely important role to play in the growth and development effort of our country.

ACSA was established on the 23<sup>rd</sup> of July 1993, as a fully-fledged State-Owned Company, under the National Department of Transport. The company turned 25 years in 2018.

ACSA is one of the most critical entities of the Department of Transport specifically and our government generally. This company is one of the most successful state owned entities company in South Africa.

Over the years, ACSA transformed a fragmented, infrastructural parastatal into a focused, customer driven, efficient and commercially successful operation. During the past 25 years airports have become important sources for growth and development of our country.

The company currently manages a network of nine airports in South Africa, including the three main international gateways of OR Tambo International, Cape Town International and King Shaka International.

In 2012, these nine airports facilitated nearly 39.5 million passengers. This therefore places ACSA as one of the leading government companies which must play a critical role in growing our economy thereby facilitating job creation.

In the recent report by RepTrak, ACSA exceeded its set target of 59% and achieved a score of 63% for the Improved Reputation Index Measure. This measure determines ACSA's corporate reputation by taking into account the perception stakeholders have of the entity.

Great strides have been made in terms of ACSA's endeavour to support black business by increasing the share of operational and developmental opportunities awarded to businesses that are at least majority black-owned.

It is because of the above reasons that I strongly believe that all publicly owned regional airports (provincial or municipal owned) must be run by ACSA. Allowing airports to be run by municipalities and provinces that have no such expertise, exposes our country to serious security and

safety risks. The recent closure of Umthatha Airport illustrates this point perfectly.

We have to continue to work together as government, labour, business, civil society and communities – to remove the constraints to inclusive growth and to pursue far greater levels of investment in our aviation sector.

As we reflect on the journey of the past 25 years that has been traversed by ACSA, we should do so in the context of both the achievements and challenges of our democratic government.

As team transport, we will have to ask ourselves whether we have realised our objectives of the establishment of ACSA and if whether our people have benefited in the past 25 years, socially and economically on these huge infrastructural projects and associated career opportunities presented by ACSA.

We should ask ourselves a question as to whether we have built a society where the injustices of the past no longer define the lives of the present?

I expect ACSA to use lots strategic location in the transport sector and in our economy generally to-play a prominent role in the task President Ramaphosa has set for our country, that of the mobilisation of investment into the aviation industry in our country. All indications point to the fact that the future of global aviation is very bright and the African continent is one of the projected growth areas in aviation. This calls for ACSA and indeed all of our aviation entities to be creative and innovative in attracting investment and growing the sector.

I am also inviting ACSA to work closely with DoT as we are planning to convene a Transport Innovation Summit in the next two months, as part of strengthening the role of science, technology and innovation (STI) in our transport sector. I would like all our entities to actively participate in this. Our country has a huge challenge to increase its investment into STI, and transport, particularly aviation has a crucial role to play.

It is also my intention to use such a Summit to, amongst others, lay a foundation for building transport innovation hubs in our country.

Ladies and gentlemen

As the ANC government, in response to the dire situation at several of our state-owned enterprises (SOEs) – where mismanagement and corruption had severely undermined their effectiveness – we have taken decisive measures to improve governance, strengthen leadership and restore stability in strategic entities. This including dealing with the effects of state capture.

We also had to ensure that we stabilize governance here at ACSA by appointing a new Board. The process of appointing the CEO will also be finalized soon.

In numerous public and private platforms, I always remind all that for government to attain its developmental objectives, it also must preside over State Owned entities which are financially sound and properly governed and managed. We are unfortunately in a period where many of our SoEs are a burden on government, instead of assisting government

to attain its developmental goals. I expect all in ACSA to ensure that we keep state capture out of this entity and ensure that we keep this entity focused on its priorities. One of the saddest outcomes of state capture is that it has destroyed many promising professional careers, including those of black professionals produced by our movement and democratic era.

This commitment undoubtedly calls for all SOEs to seriously consider how they are organised to achieve their goals, particularly the compliance with all government legal prescripts.

Ladies and gentlemen

Air travel connects people, nations and markets, locally, provincially, nationally, and internationally. It is quick, safe and provides opportunities for cultural and social exchanges amongst people. It also responds to emergency humanitarian interventions and public health emergencies.

The South African aviation industry continues to grow at a phenomenal rate and forecasts indicate that air traffic volumes will double in the next 15 years.

According to a study conducted by Oxford Economics in 2014, airlines, airport operators, non-aeronautical airport on-site enterprises (restaurants and retail), aircraft manufacturers, and air navigation service providers, provided jobs to approximately 70,000 people in South Africa.

The air transport industry is also estimated to have supported a \$7.4 billion gross value added contribution to the Gross Domestic Product (GDP).

Spending by foreign tourists, supported a further \$5.1 billion gross value added contribution to the country's GDP.

This means that 3.5% of our GDP is supported by the air transport sector, and foreign tourists arriving by air.

Economically, Africa is currently the fastest growing continent and the importance of aviation to the economy of the country should not be underestimated.

According to a report issued by the International Air Transport Association, (IATA), in August 2018, African airlines posted the second-fastest growth rate in the world in August 2018 (6.8%).

Africa's has a 2.2% share of the world market for passenger air transport and a 1.9% share of the global airfreight market, so there is much room for expansion.

A recent forecast also released by IATA announced that Africa's passenger growth is expected to grow by 5.9% over the next 20 years. It is estimated that in 2036 there will be an extra 274 million passengers a year, which will increase the total global market to 400 million of air travel passengers.

We therefore must use this industry to accelerate inclusive growth, significantly increasing levels of investment and put in place measures to create more jobs.

Last year, our economy was confronted by the reality of a technical recession and government responded with an economic stimulus and recovery plan that re-directed public funding to areas with the greatest potential for growth and job creation.

The inaugural South Africa Investment Conference in October last year provided great impetus to our drive to mobilise R1.2 trillion in investment over five years. This investment conference attracted around R300 billion in investment pledges from South African and international companies.

We therefore must position the aviation sector to actively attract investors. This should include us focusing our attention on developing our Aviation Small Business Incubation Programme and advancing broad-based empowerment.

The incubation programme should be able to provide budding entrepreneurs with physical space, infrastructure and shared services, access to specialised knowledge, market linkages, training in the use of new technologies and access to finance in the aviation value chain.

Ladies and Gentlemen

The ongoing issue of the lack of transformation in the aviation sector is very close to my heart.

It remains our collective responsibility as leaders within the aviation sector to confront and find solutions to address the triple challenges of poverty, social inequality and high levels of unemployment. We also need to prepare workers for the jobs of tomorrow.



The statistics of civil aviation personnel licences over the last financial year indicate that, with the exception of cabin crew, white males still dominate every category, including that of student pilots. It is evident that the aviation industry is not willing to transform at the desired rate.

This calls for urgent interventions. The Department of Transport is in the process of finalizing a comprehensive National Civil Aviation Transformation Strategy (NCATS), which will become the much-needed solution for the current desperate need for transformation in the sector.

We cannot merely just pay lip service to the transformation of the aviation sector, particularly women empowerment.

Let me also take this opportunity to commend ACSA for fulfilling its employment equity targets by achieving 93.3% of overall black representation in the employ of the entity.

A total of 41.9% of the workforce are Black Females, and 51.4% are black males. I am however keen to see the percentage of the number of youth employed within the ACSA workforce increase.

As the Minister of Transport, I committed to lead a comprehensive effort to transform the aviation sector in our country.

I will also be officially asking our three aviation entities to work towards the establishment of a state academy on aviation in order to ensure that the aviation sector is accessed by all South African, especially those from the working class and the poor.

This is done in order for all our transport entities to play a proactive role in the area of job creation and skills development. It is critical that we provide platforms for disadvantaged communities to be afforded opportunities.

We will continuously implore and encourage our colleagues in the Department of Basic Education to create an enabling environment for learners to be exposed to various career opportunities in aviation.

Young learners must be exposed to the aviation sector and other career interests at a primary school level, so that they can develop their interests early and nurture their passion towards their chosen field. In so doing, we will be developing future leaders and equipping them to become leaders in their chosen fields, including in aviation.

In addition, we need to launch the Transport Youth Employment Service, which must place unemployed youth in paid internships.

We call particularly on all our transport entities and the transport sector in general, both big and small, to participate in this initiative thereby building the economy and fostering social cohesion.

Ladies and gentlemen

When the President of the Republic of South Africa, Mr Cyril Ramaphosa appointed me as Minister of Transport, directed me to use transport to improve regional and continental integration and relations. This is because transport has the capacity to connect people in a way no other industry can.

In July 2018, during the 10<sup>th</sup> BRICS Summit, I signed a Memorandum of Understanding (MOU) on aviation with the other member countries. This Regional Aviation Partnership will ensure that we expand and deepen the cooperation among competent authorities in the field of regional aviation.

The agreement was signed between the Department of Transport, the Ministry of Transport of the Russian Federation, the Ministry of Civil Aviation of the Republic of India, and the Civil Aviation Administration of the People's Republic of China.

The agreement was signed on the basis of understanding and laying a basis to derive mutual benefits in order to bolster our regional aviation transport sector, to share good practice and open socio-economic and development opportunities amongst the member states.

We must use these relationships to learn best practice, stimulate the economy, create strategic partnerships to ensure skills are acquired, and ultimately creating new jobs.

In 2018, we held a successful Presidential Jobs Summit that agreed on far-reaching measures that when fully implemented will nearly double the number of jobs being created in our economy each year.

Today almost all the key stakeholders within the Civil Aviation sector are here, and it is imperative that we all play a key role in this important partnership.

A collaborative agreement between African States for air travel connections between our countries was signed on 28 January 2018. This agreement, the Single African Air Transport Market (SAATM) was established and launched at the African Union Summit in Ethiopia, Addis Ababa.

This agreement marks a continuation of our continent to open opportunities for travel and trade across African skies, following the Yamoussoukro Decision of 1999.

The advantages of the implementation of the agreement will be greater inter-connection, which will stimulate demand, increase competition in the African airline industry and improve the accessibility of air travel.

This could be an enabler of increased trade, growing trade and commercial activities, and an expanded tourism market between African States and the rest of the world.

In meeting the growth demands of the aviation sector there will be an increased demand for aviation experts globally.

The International Civil Aviation Organisation, (ICAO) has indicated that by 2036, approximately 620,000 pilots will be needed across the globe, which presents opportunities for the youth.

As South Africa given the fact that through ACSA and some of our aviation entities such as ATNS and SACAA we are better positioned to play a leading role in the African aviation sector.

Ladies and gentlemen

We have made no secret of our desire to position rail as the backbone of our transport system, which will necessitate a gradual shift from road to rail for both freight and passenger transport.

This will ensure that we deal with the high volumes of traffic on our roads, reduce road carnage as well as the reduce the high road maintenance costs.

We must also ensure that air travel becomes an alternative form of passenger transport, that is accessible and affordable to the majority of South Africans.

Air travel therefore needs to function within the broader spectrum of a holistic transport plan. Therefore, the department and our aviation entities need to ensure that they align all their plans to the National Transport Master Plan (NATMAP 2050) which advocates for a comprehensive, multi-modal, integrated, dynamic and sustainable transport framework, that is safe for commuters and the environment.

I also wish to state that as part of ensuring that aviation also acts as a catalyst for integrated transport systems and development, I strongly support the development of aerotropolises as platforms to achieve these. ACSA has a hugely important role to play in this regard. In fact developmental programmes and thinking calls for intergrated strategies. For instance what is the use of building a road or a railway line without lei king that to other developmental projects. Similarly our major airports

cannot just be standalone physical spaces without linking this to developments in the vicinity and localities adjacent to such airports.

A key component of NATMAP 2050 is a well-managed and regulated transport sector, within a multi-sectoral sphere of effective coordination and cooperation between government at all levels, the private sector, civil society, and other key stakeholders.

Through the implementation of NATMAP we plan to correct historical imbalances and unlock economic opportunities underpinned by the creation of jobs and the provision of skills training.

To demonstrate our commitment to innovation and research, I have appointed a team of prominent professionals to form part of the Panel of Transport Experts, to advise me on strengthening the role of all the modes of transport in the social and economic development of our country.

They will also look into the lack of provision of adequate services for people with disabilities, as well the gender and racial parities that continue to exist, particularly in aviation and maritime.

They will work very closely with Transport Innovation Hubs throughout the country to ensure that transport matters are prioritized and that innovative solutions are considered and found.

They will also assist us in acquiring bodies of knowledge from research institutions, tertiary institutions, transport experts and key players within the transport sector. This will help us to modernize our transport sector in order to prepare ourselves for the Fourth Industrial Revolution.

Next week I will also be having an Inaugural Ministerial Dialogues Series on Transport. I will commence with the Dialogue on Maritime Transport, and I intend to follow it up with a dialogue on aviation.

A shocking statistic that was revealed to me recently is that only 5% of pilots globally are women. It is high time that ICAO, our entities, airlines, the Air Force, educational institutions and other key stakeholders within the aviation sector start visiting primary schools to educate learners around possible careers in aviation.

It is important that girls are exposed to careers in aviation so that they too develop an interest and appetite for working in the sector, and to change these skewed perceptions, by ensuring that there is gender equity in the sector.

The Joint Aviation Awareness Programme (JAAP) has a key role to play in this regard, by ensuring that its programme is biased in favour of women.

We would also urge SAA, SAA Express and, I dare say, the Air Force as well, to join efforts with government to significantly increase the training of especially black and women pilots.

I would like to see these airlines introducing relevant training programmes (e.g. the cadet scheme SAA used to have has to be reinstated).

I also want our Acting DDG to explore the possibility of engaging all airlines with a domestic flying license to contribute towards skills development in our country.

As the ANC government, we resolved to advance the values of our Constitution and to once again place at the centre of our national agenda the needs of the poor, unemployed, marginalised and dispossessed.

We agreed that, in honour of the centenary of Nelson Rolihlahla Mandela and Albertina Nontsikelelo Sisulu, we would devote our every action, our every effort, our every utterance to the realisation of their vision of a democratic, just and equitable society.

In our magnificent diversity, and despite our many differences, I implore on you to answer the call of Thuma Mina (Send Me).

Happy Anniversary ACSA. I wish to thank the entire Board led by the Chairperson, Advocate Sandile Nongxina, the Executive Management and the entire employees of ACSA, led by the Acting CEO Ms Bongwiwe Mbomvu.

Off course how can I forget all the industry role players and ACSA clients for making ACSA to be this distinct company that continuously make us proud in national and international forums by winning awards and expanding their presence.

In closing, let me remind all of you that the President has proclaim the 8th of May 2019 as the date of the election.

I wish to remind all of you who have not yet registered as voters to register to vote.



Thank you.