

STATE-OF-PLAY IN THE RESTRUCTURING AND PARTIAL PRIVATISATION OF MUNICIPAL AIRPORTS IN SOUTH AFRICA

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ABSTRACT

Following the formation of ACSA as a SoE in 1993 and a plethora of new legislation thereafter, including the Constitution itself (1996) and various Acts governing the role and function of Municipalities (from 1998 to 2003), hundreds of municipalities in South Africa have for over 20 years been left with the functional responsibility for municipal airports, but no 'teeth' to effectively run them. This state-of-affairs has arisen because, besides not being basic municipal services there is a strong view that they fall outside the core mandate and skills sets of municipalities anyway.

This presentation traces the development of new Transaction Structures that carefully navigate the legislative maze to facilitate the participation of private sector players in the business of municipal airports. Key topics include how these transactions can preserve and accelerate the socio-economic benefits that properly functioning airports can offer their host municipalities by unlocking commercial opportunities that will enable private sector operators to fund the high operational costs of airports but still earn reasonable returns on investment derived from commercial activities on property not required for core airport business.