

Zero tariff increase for Acsa in force for now

Transport Minister Dipuo Peters has finally signed off on draft tariffs proposed by the airports regulator, providing relief to Airports Company SA (Acsa), which is now a step closer to finding out what its fee structure for the next five years will look like.



Hansueli Krapf via [Wikimedia Commons](#)

Acsa - which runs the country's nine commercial airports including OR Tambo International - has been operating on an "interim tariff" based on a 0% increase on 2015 fees while it waited for the minister to sign off on the regulator's proposed five-year charging structure.

Department of Transport spokesman Ishmael Mnisi on Monday said the minister had signed off on the draft permission and the airports regulator was in the process of implementing the new tariffs. But Mnisi declined to reveal what the tariff structure proposal looked like as "it is only disclosed through a gazetting process."

Loan covenants on debt

Acsa has said a hefty drop in tariffs would greatly decrease cash collections, creating the risk that the entity would breach loan covenants on its R11bn debt. It is in desperate need of higher tariffs to repay R17bn incurred during its aggressive infrastructure drive to upgrade airports ahead of the 2010 Soccer World Cup, as well as continued revamps.

Breaching one credit agreement would trigger a domino effect and see other lenders lining up to collect their dues, which would force Acsa to ask for a state bailout or guarantees to honour the debt.

The regulator has proposed slashing tariffs 42%, followed by a 4.1% and a 15.8% increase in the next two years. In the fourth year, the regulator would grant Acsa a 15.9% tariff hike, while in year five the entity would be allowed to increase fees 4%.

Credit rating agency Fitch has maintained a negative outlook on Acsa, citing "continued uncertainty on price regulation". Fitch said its decision was informed by the airport regulating committee's recommendation of the 42% cut in tariffs for the year to March.

Acsa derives about 37% of its revenue from nonaeronautical operations, including retail and real estate, while the rest comes from tariffs it charges airlines for aircraft landings and parking, as well as passenger service fees.

New tariff plan

Following consultations with stakeholders, including Acsa and airlines, a new tariff plan was submitted to the minister. But the regulating committee's term expired on March 31, meaning a newly constituted committee would handle the issue. A new regulator, whose term began in April, has since been appointed by the minister.

Acsa said it made representations to the new regulating committee about the risks and potential implications of the proposed draft permission in April, when the committee was inducted. The presentation was based on the first draft permission published in May, and Acsa has not commented on the latest draft, which the entity has not seen.

"Subsequently, the new committee has engaged Acsa on issues of clarification and is in the process of making site visits to certain Acsa airports," it said.

Mnisi explained that the regulator was finalising recalculations of the draft tariff proposal to factor in delays and the time value of money. "The minister has since approved the permissions and they are pending the regulator's implementation," said Mnisi. "The plan is to have the readjustments or recalculations that take into account the lapsed time, finalised by the end of July for gazetting."

Acsa said it was not aware of a change in the draft permission proposed by the regulator in 2015 and would make adjustments to its infrastructure programme in line with the final permission. "The permission process afforded Acsa the opportunity to respond to the regulating committee regarding the implications, should the draft permission become the final permission," said Acsa. In the meantime, permission for the 0% increase would remain, the company said.

Source: Business Day

For more, visit: <https://www.bizcommunity.com>