

TANZANIA CIVIL AVIATION AUTHORITY



STATEMENT OF CASE ON THE LIBERALIZATION OF AIR TRANSPORT TO COVER GROUND HANDLING SERVICES

INTRODUCTION

Reforms in air transport sub-sector have brought about tremendous improvements in the provision of transport services, which have in turn resulted in the growth of aviation industry in Tanzania, in terms of flight movements and passengers (embarked and disembarked). According to TCAA statistics, a total of 1,269,871 passengers were handled in the year 2001, whereas in 2005, a total of 2,172,519 passengers were handled, which is 71% increase.

Following successes in the liberalization of several economic sectors, some quarters have indicated the need to liberalize ground handling services, so that consumers of the service will have choice. It is expected that consumers (air operators and passengers mainly) will enjoy competitive prices and the improved quality services. Furthermore, the liberalization will allow for further private sector investments in the aviation sub-sector, as per government economic policy.

There are many types of ground handling services, which include handling of passengers, baggage, freight/mail and ramp. Other services are fuel and oil handling, catering services, ground administration and surface transport, among others. This inquiry is mainly for ground handling services for passengers, baggage, ramp and surface transport services.

In liberalization of ground handling services, the concessioning of operators will take into consideration the existing and expected market conditions, hence how many operators to be concessioned. In order to ensure quality services, suppliers to be licensed must prove to the Licensing Authority that they have enough financial resources, appropriate equipment for the Airport(s) in question, state the intended service level to be provided, have technical competence and provide sufficient insurance cover. Minimum standards and operational requirements for the ground handling services providers shall be set.

STATEMENT OF CASE

According to Section 19(2) of the TCAA Act 2003, the Authority shall conduct an inquiry before exercising its power to grant, renew or cancel a licence with an exclusivity period or universal service obligation.

The TCAA Rules for making inquiry require the Authority to serve a statement of case on each person on whom the notice is served, indicating the purpose of inquiry, the time within which the submissions may be made to the Authority, the form in which the submissions will be made and the matters which the Authority would like to deal with.

The proposed liberalization of ground handling services has the following objectives:

1. To ensure that the interests of the operators and the traveling public are charged affordable tariffs and are provided with efficient services in line with international standards,
2. To facilitate passenger traffic growth expected from improved affordability of air transport services
3. To ensure availability of improved quality services in line with expected traffic growth
4. To protect the financial viability of efficient ground handling service providers;
5. To attract further private investments in the sector, while protecting sustainability of efficient existing investments;
6. To enable airlines to reduce their operational costs;
7. To hasten the process of improvement of infrastructure facilities at our airports.

We are requesting the stakeholders and the public at large, to give their views with regard to the Government's intentions and how it will realize the objectives stated above. Interested members of the general public, including the stakeholders in the aviation industry, the Government and TCAA Consumer Consultative Council, are invited to give their submissions to the Authority not later than six (6) weeks from the date of the inquiry notice indicating, with reasons, their views on this Government's intention, bearing in mind the above mentioned objectives.

Please note that a Public Hearing Meeting shall be held at Kilimanjaro Kempinski Hotel, Dar es Salaam on Thursday 5 July 2007 from 1000 hours to collect the views of Stakeholders, including TCAA's Consumer Consultative Council and the general public.