



An interview with the company CEO, Tamer El-Kallawi, looking into the company's performance, responsibilities and its role as a company immediately responsible to run airport affairs in the country.

BACKGROUND

NAC was established in terms of the Airports Company Act, 25 of 1998. Core mandate is to develop, manage and operate Airports on behalf of the Namibian Government.

NAC commenced operations on 5 February, 1999.

NAC is a state-owned enterprise (SOE) and its portfolio ministry is the Ministry of Works and Transport.

NAC owns and manages eight airports: HKIA, Eros, Walvis Bay, Ondangwa, Katima Mulilo, Rundu, Keetmanshoop & Luderitz.

Scheduled airlines calling HKIA are: Air Namibia, South Africa Airways, British Airways, TAAG Angola, South African Express, Condor Airway, Airlink that services routes to Johannesburg, Cape Town, Luanda, Frankfurt and Munich in Germany, Victoria Falls, Harare, Maun, Lusaka, Walvis Bay, Luderitz and Oranjemund. We also expect in the coming weeks flights to Doha, Amsterdam, Addis Ababa, Durban and Gaborone.

NAC employs 390 staff members to date.

TURNAROUND STRATEGY

Under my leadership in May, 2014 we implemented our turnaround strategy in which we intend to be a world class service provider in airports operations and management, putting our main focus on safety and security.

As part of our victory plan, I coined the 2014-17 turnaround strategy, a commitment centred, strategic comeback which would evolve around achieving capital expenditure of N\$ 1, 3 billion, ensure safe and secure airports, attain revenue growth of 10 percent per annum, rehabilitate the airside of six airports, terminal upgrades of three airports, periodic and planned maintenance of assets & equipment and improve staff morale and productivity.

The central theme of our turnaround strategy is to realign all company functions towards safety and security. Safety and security of airports is our number one priority and the launch of the eleven firefighting tenders in February, 2015 bears testimony to that commitment.

Being an airport company, you have to deal with the lives of human beings and so you cannot afford to make mistakes. At NAC, our aim is to ensure safe and secure landings and departures of aircraft and passenger movements and for this reason we have placed safety and security as our number one strategic priority.

We also strive to adhere to the many regulations that airports need to adhere to such as ICAO and others and hence the need for due diligence.

In this cycle, our focus will be on the following identified four strategic airports which are: Hosea Kutako International Airport, Walvis Bay International Airport and Ondangwa and Eros airports. For the other four airports, the focus would be on compliance for this cycle without any plans to upgrade.

CAPITAL PROJECTS

The critical role that airports play in National Development cannot be over emphasized. The NAC wishes to state our unwavering support to the achievement of NDP 4 goals and Vision 2030.

We are currently executing our strategic plan 2013-2017, which was developed in line with the overall National Development Plan (NDP) 4 and Vision 2030. As you are aware, the NDP4 recognised public infrastructure as one of the foundation issues, necessary conditions for economic development. It also identifies logistics and tourism as one of the economic priorities. NAC is fully aware of its expected role in that dynamics.

In this regard, one of our strategic goals for 2013-2017 is the provision of modern infrastructure capable of meeting the current and anticipated demands of the national and international travellers. This includes airports specific infrastructure expansion, adaptation and improvement.

In terms of expansion, so far, we have completed the passenger terminals at Ondangwa and Walvis Bay airports.

In terms of improvement, we have just completed the rehabilitation of the runway at Walvis Bay and Ondangwa airports. On the same note, we recently commissioned a new rescue and fire station at Eros Airport to improve the capability of the fire and rescue services to respond efficiently to aircraft emergencies.

And with regard to adaptation, we will be starting the second phase of development at Ondangwa Airport with aircraft apron and taxiways, to adapt the infrastructure to the expected type of traffic and comply with the requirements of our regulator.

Additional infrastructure projects are being carried out with the assistance of the Ministry of Works and Transport, such as the runway and taxiway rehabilitation at Katima Mulilo Airport.

I would like to highlight the following key projects completed under my watch:

- Acquisition of 11 Firefighting tenders at all our airports
- Installation of Dual View Scanners at all our airports
- Completion of Ondangwa & Walvis Bay Terminal Buildings
- Rehabilitation & upgrade of Ondangwa Runway which has been completed during the month of August, currently the taxiway and apron are being rehabilitated and upgraded, due for completion towards the end of next year - Upgrade to Category 4C
- Rehabilitation and upgrade of Walvis Bay Runway has been completed - Upgrade to Category 4F
- Construction of Polymer Fencing at Walvis Bay & Luderitz Airports.
- Rehabilitation of Katima Mulilo Runway, due for completion next year.
- Construction of a new Rescue & Fire Station - Eros Airport
- Construction of Rescue & Fire Stations at Ondangwa, Katima Mulilo & Rundu airports are underway.

- Upgrade of the water reticulation systems/water supply at all airports (HKIA is completed).
- Rehabilitation & upgrade of Eros Airport Runway, commencement in due course - Upgrade to Category 4C
- Construction of NAC Headquarter at Eros Airport, commencement in due course

These projects and others demonstrate our commitment to make Namibia an international air transportation hub.

I would like to highlight, some of our Public Private Partnership initiatives:

- Awarding the concession of the provision of Fuel Service Station at HKIA to National Petroleum Corporation (NAMCOR) and construction will commence in due course.
- Awarding the concession of operating a Restaurant: Sky View Restaurant at Eros Airport & Ondangwa Airport

FINANCIAL POSITION

A key strategic priority area is to improve our revenue growth by 10% per annum. I need to emphasise that all our capital projects are indeed capital intensive. It is with that in mind that the NAC has introduced security charges with effect from 01 April, 2016 which are industry best practices elsewhere. These charges will be negotiated with all the stakeholders as part of our Aeronautical Charges which are concluded bi-annually.

If you look at the liquidity standing of NAC, I am proud to reveal that NAC is one of the few SOEs that have been able to maintain a healthy balance sheet and operate in a self-sufficient manner.

If you look at the financial position of NAC, you will see that NAC has one of the best SOE balance sheets without any borrowing or overdraft. We are very liquid and never in the history of NAC has NAC requested for a financial bailout from Government as we fully fund ourselves even on an operational level.

We are lucky to receive a government subsidy but that subsidy is only for capital projects and we self-handle the rest.

Having said that, airports are government assets that need government support and so as we are very grateful for government's subsidies, we would further appreciate if government can allocate more resources for the upgrade of our airports.

AIRPORT TAX

International Passengers **N\$ 439.00**, Regional Passengers (Botswana, Lesotho, South Africa & Swaziland) **N\$ 254.00**, Domestic Passengers **N\$ 132.00**

SECURITY CHARGES

International Passengers **N\$ 90.00**, Regional Passengers (Botswana, Lesotho, South Africa & Swaziland) **N\$ 70.00**, Domestic Passengers **N\$ 50.00**

POSITIONING NAMIBIA AS A KEY AVIATION CONNECTION HUB - UPGRADE & EXPANSION OF HKIA

The NAC turnaround strategy seeks to reposition the company to be a world class service provider of Airport operations.

Recent statistics show an increase in tourism arrival in Namibia of which HKIA is the main airport of entry and exit.

NAC is proud of the number of increased airlines serving our airport. Last year we witnessed the arrival of Condor which flies twice to Frankfurt and SA, Air Link which flies daily to Cape Town. We welcome these airlines to Namibia and we look forward to attracting more airlines to our country.

We are looking forward to welcoming Qatar, which will be flying between Windhoek and Doha four times per week as from end of September; KLM will also start by end of October to fly between Windhoek and Amsterdam VIA Luanda.

Airport profits boil down to traffic of airlines and passengers. Our airport traffic for all our airports slightly hit one million last year but we are looking at a new airport setting concept that allows us to generate more revenue.

To increase traffic, you need to attract new airlines and to do that we have to invest in airport infrastructure.

HKIA has reached its maximum capacity and the airport need a new terminal and a solid facelift. Our plan is to convert the current terminal to make it the domestic terminal and build a new terminal for international passengers and that project is going through its logistical processes as we speak.

We have a huge vision for the airport which is to increase its passenger traffic to about three million and the new terminal will in the long term be sufficient to handle envisaged traffic increase.

NAC considers to upgrade HKIA in order to attract new airlines and bigger aircrafts. Currently the capacity of the airport is inadequate for processing the envisaged number of airlines and passengers. The space of the current terminal building is narrow and relatively very small for one-layer process design which is inconvenient for passengers and baggage handling.

Traffic increase and congestion (both baggage and passengers) at the terminal building coupled with ICAO requirement for separating international and domestic passengers as well as separating departing passengers (screened) and arriving passengers hinder excellence service delivery.

The distance between the runway and taxiway (122 m) is very narrow which is not satisfying the space requirements for Code 4E and 4F aircrafts. Two wide body aircrafts cannot use both the runway and taxiway simultaneously.

The current total apron surface apron can only accommodate 2 large aircraft (Airbus 330) and 3 medium size (Boeing 737 or Airbus 319).

As a result, there is a limitation of the use of the airport, some airlines cannot select HKIA as an alternate airport for long-haul flight overflying Namibia, violations of the safety margins. The plans to convert the existing runway into a taxiway and build a new Runway Code 4F aircrafts.

In this regard, NAC plans to construct a new world class airport with state of the art facilities to cater for its customers. The new airport will be able to serve bigger aeroplanes and will be designed along the concept of an airport city, where facilities such as hotels, and shopping centres will be integrated into the airport design.

The upgrade and expansion will offer a new Runway Category 4F that can accommodate multiple wide-bodied Code F aircraft, new double deck terminal building for international passengers, New VIP Lounge, New Fire Fighting Station Category 11, New Air Traffic Control Tower.

Expected benefits of the new airport: attract new airlines and bigger aircrafts with provision of aerobridges, increase safety and comply with standards and regulations, increase aircraft parking on apron, increase aeronautical revenue, increase in retail space, increase in non-aeronautical revenue, increase baggage handling capacity, enable complementary services such as hotel development, conference facilities and airline lounges, job creation/ employment opportunities.

WALVIS BAY AIRPORT

Walvis Bay is a key economic driver of the Namibian economy, in order to support fishing companies and in line with the growth at home strategy, Walvis Bay airport will be developed to be a fully-fledged international airport with a special focus on cargo transportation.

Walvis Bay airport is equipped with the entire necessary infrastructure in order to facilitate air transportation of sea based products.

Walvis Bay Airport is the second international & regional airport and will also be designated for cargo operations.

The Walvis Bay Airport has been identified as one of the four strategic airports for this cycle, including HKIA, EROS & Ondangwa.

Scheduled airlines calling Walvis Bay Airport are: Air Namibia and South African Express that service routes to Windhoek, Johannesburg and Cape Town.

Walvis Bay Airports currently handles on average between 3 to 5 flights per day for less than 100 000 passengers per year.

Rehabilitation and upgrade of Walvis Bay Runway is complete - Upgraded to Category 4F

Construction of Polymer Fencing at Walvis Bay (at a cost of N\$37 million) due for completion towards the end of this year.

• Terminal Facilities

- Arrival and Departure facilities
- Temporary VVIP Facility
- Office space – Airlines, Customs, port Health, Immigration and NAMPOL
- Increased commercial facilities and restaurants with international brands such as Mug & Bean amongst others
- Designated Car Rental Terminal
- Motor Vehicle parking with total of 230 parking bays
- Staff parking & motor cycle parking bays

• Terminal capacity

- Has a terminal floor space of 4 633m² compared to 1 406m² of the old terminal building. (The floor space of the new terminal building represents an increase in the total floor space of about 330%)
- Designed to accommodate 200 passengers per hour and one million passengers per annum
- Terminal designed to encourage natural movement of passengers, and responds to the needs of the elderly and people with disabilities, with lifts and other related amenities.

• Associated facilities

- Newly completed runway at a total cost of about N\$250 million constructed to meet the designed requirement of Code 4F to accommodate multiple wide bodied aircrafts such as Airbus 380.
- Runway length and width: 3 440m and 60m respectively.
- The terminal development has also been accompanied by the upgrades of two adjacent aprons namely passenger and cargo apron
- Passenger apron has a total size of 24 000m² and can accommodate i.e. 3 Airbus 319 whereas the cargo apron has a total size of 34 693m² to concurrently accommodate two wide bodied aircrafts
- Polymere perimeter fence valued at N\$48 million designed to withstand coastal weather condition. The Polymere perimeter fence is about 98% completed.
- Fully compliant modern state of the art Fire station completed in 2011 at value of N\$10 million

• Airport Rescue & Fire Fighting (ARFF)

- ARFF CAT 6 – requires two Fire Trucks
- Walvis Bay Airport Currently has three fire trucks in place
- ARFF operates on one shift basis

Considering the money, you have invested into Walvis Bay airport, how worthy is it?

Well, the monetary value of the airport is beyond the N\$ 100 million capital cost of the various projects implemented at Walvis Bay. It definitely adds the shareholder value of the company. It is one more additional value for our stakeholders, passengers, airlines, and, Namibia in general. I would like to believe that we now have modern facilities to attract airlines and passengers. We would continue to work with our stakeholders to ensure that NAC and Namibia get all the benefits of this new infrastructure.



CEO, Tamer El-Kallawi

It may be necessary at this point to highlight that virtually all our Airports were military airports designed for military operations. These airports served us well when air traffic was low and the Namibian aviation industry was in its infancy.

In order to cater for the 21st century aviation requirements, it was necessary to embark on a vigorous infrastructure development exercise to upgrade all our airports to international standards.

In this sense we are proud to report about the major strides we have made to position the Namibia Airports Company as a competitive aviation player in the region.

Walvis Bay Airport is located some 15km east of the harbour town of Walvis Bay.

Due to its strategic location, the airport is the major export hub of fish to the rest of Africa and Europe.

All these prior mentioned developments would not have been successful had it not been for the unwavering support of the Ministers of Works and Transport (past and present) and a dedicated team here at NAC. Our success today, belongs to you all.

Walvis Bay International Airport is strategically located to serve the fishing, mining industries and the general community of not only the Erongo region but the entire nation. Since Walvis Bay International Airport will be our second international airport we foresee greater opportunities for the Erongo region inhabitants to reap good financial rewards through increased passenger and cargo traffic.

We encourage local entrepreneurs to seize this opportunity and grow their businesses by providing unique and innovative services to our passengers. In line with the Harambee prosperity plan this airport is geared to be a hub for regional development and poverty alleviation through job creation and entrepreneurship.

Could you please tell us the significance of the Walvis Bay International Airport?

Walvis Bay is our second international airport. The region also plays an important role in the fourth National Development Plan (NDP) 2012-2017, and vision 2030. You may recall that logistics and tourism are among the economic sectors given a priority status in the fourth NDP. Walvis Bay International airport aims to be one of the public infrastructure to enable the realization of the national strategic priorities.

What necessitated the construction of the new terminal building at the Walvis Bay Airport?

The new terminal building at Walvis Bay Airport is contributing to two of the strategic objectives of NAC to provide world class airport operations and services and increase non-aeronautical revenues. The previous passenger terminal was not providing the minimum amenities that modern air transport requires. Its limited space was a constraint to the level of service that NAC could offer to its customers, passengers and airlines at Walvis Bay. It did not allow the terminal operator at Walvis Bay and the airlines to offer some of the minimum services expected from the airports and airlines.

The new facilities integrate architectural, infrastructure and equipment-related requirements for the optimum implementation of international airport operations. Moreover, the upgrade of the new infrastructure at Walvis Bay increases the opportunities for NAC to provide appropriate level of service at Walvis Bay through a reduction of the waiting and processing times of passengers at all services areas, acceptable comfort of passengers within the terminal, and increase the space available for passengers at the waiting and circulation areas.

At the same time, the new passenger terminal increases the opportunities for NAC to introduce new shops and passenger amenities contributing to generation of non-aeronautical revenues.

How crucial is the Walvis Bay airport in your operations?

Walvis Bay International Airport is the busiest airport at Namibia's coastline with primary clients being from holiday travellers, mining, fishing industries. We have daily scheduled flights between Windhoek and Walvis Bay, Walvis Bay and Johannesburg, and Walvis Bay and Cape Town.

With the new passenger terminal, we aim to accompany our airlines' customers to consolidate those existing routes and at the same time encourage the existing airlines and new ones to open additional routes both domestic and international.