



# **REGULATING COMMITTEE**

**ANNUAL REPORT**

**2018 - 2019**



1. FOREWORD.....	3
2. INTRODUCTION.....	6
3. THE 2018/19 – 2022/23 PERMISSIONS FOR ACSA AND ATNS.....	9
4. SERVICE STANDARDS .....	10
4.1. Airports Company of South Africa (ACSA).....	11
4.1.1. Accolades .....	13
4.2. Air Traffic Navigation Services (ATNS).....	13
4.2.1. Job Creation .....	15
4.2.2. Accolades .....	16
5. CONSULTATION WITH STAKEHOLDERS.....	16
6. COMPLAINTS.....	18
7. MEETINGS OF THE REGULATING COMMITTEE .....	18
8. EXPENDITURE DURING THE 2018/19 FINANCIAL YEAR.....	18
9. CONCLUSION.....	20

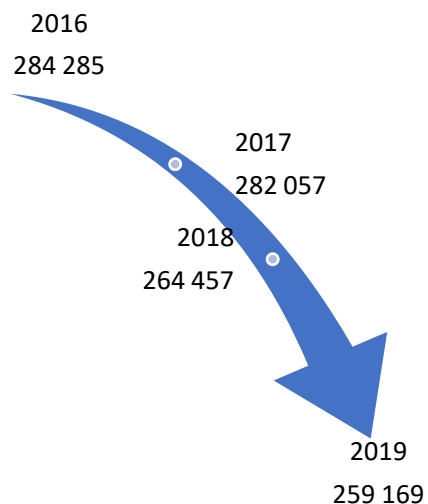
## 1. FOREWORD

The Regulating Committee (the Committee) is pleased to present the Annual Report for the period 1 April 2018 to 31 March 2019. *During the period under review, the Committee issued the permissions to levy tariffs to users for the period 2018/19 to 2022/23 to both Airports Company South Africa SOC Limited (ACSA) and Air Traffic and Navigation Services SOC Limited (ATNS).* The permission regulates the adjustment of tariffs to be levied and prescribe service standards to be complied with by both ACSA and ATNS (the Companies) as mandated by legislation.

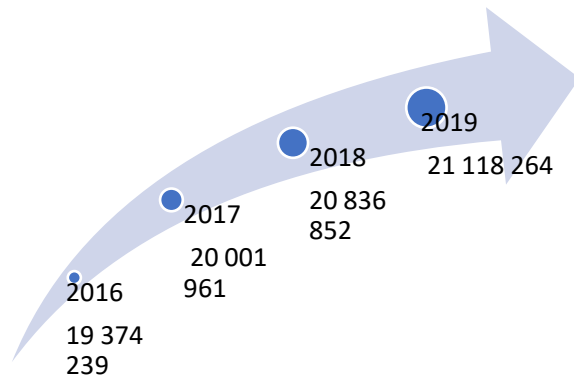
Airports infrastructure are viewed as the main driver of connectivity and allows access to facilitate tourism and for companies to tap into overseas opportunities thereby stimulating economic growth. Airport capital investment is viewed as stimulator of economic growth by unlocking demand in various sectors of the economy.

- ACSA can handle an estimated 54,5 million passenger capacity at all its airports.

### Aircraft landings

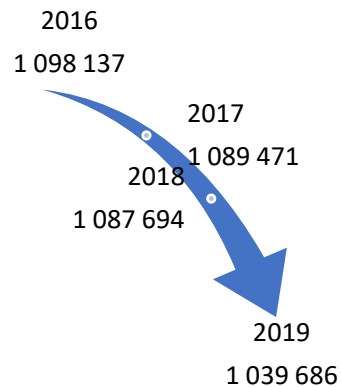


## Departing passengers



- ATNS was able to record an estimated 1 million total air traffic movements during the period under review.

## Air traffic movements



- The Committee approved capital investment amounting to R28 billion for the Companies to be implemented during the 2018/19 to 2022/23 permission period.
- The delayed implementation of capital projects by the Companies resulting in a claw back of approximately R4 billion from the Companies.
- The Committee is concerned about the snail pace of implementation of capital projects by the Companies and the impact on future tariffs, infrastructure and other related factors.

For the coming year, the Committee intends to focus its attention on the following:

- The ability of the Companies to deliver services in a cost-effective manner;

- The ability of the Companies to achieve and exceed the allowed rate of return;
- The ability of the Companies to execute and implement the approved capital expenditure projects within the projected timelines and budgets;
- To obtain an understanding of the Companies' current and future investment on non-regulated business and related impact on the single till and State-Owned Companies' financial position;
- The ability of the Companies to create new sustainable jobs from the approved capital expenditure projects and roll out the transformation plans as per government policies and regulations; and
- The companies' ability to improve service standards and quality of service offered to users.

I would like to thank the Minister of Transport for ensuring that the Committee continues to play a pivotal role in the economy and delivers against its economic regulatory mandate. The Committee would like to express its gratitude to the various stakeholders for their continuous support and contribution on economic regulatory matters. The Committee would like to appreciate the invaluable support and assistance provided by the Secretariat of the Department of Transport. I would also like to extend my deepest appreciation and gratitude to the Committee members for their unwavering support, diligence and hard work.

May the Committee's hard work and contribution to the economic regulation continue into 2019/20 financial year and beyond.



**MS KENOSI SELANE**  
**CHAIRPERSON**

## **2. INTRODUCTION**

The Regulating Committee (The Committee) was established in terms of section 11 of the Airports Company Act, 1993 (No. 44 of 1993). The mandate of the Committee is to provide economic regulation in terms of the Airports Company Act, 1993 and the Air Traffic and Navigation Services Company Act, 1993 (Act No. 45 of 1993), respectively. The economic regulation of both ACSA and ATNS (the Companies) is meant to, amongst others; protect the interests of the users of airport services and the air navigation services against monopolistic tendencies as well as to ensure that the service standards are responsive to the needs of the users.

The Committee has the critical task of having to strike a balance between the interests of the Companies and the users of their services and infrastructure by ensuring that the Companies do not use their natural monopolies to the detriment of the users whilst at the same having to ensure that the Companies remain profitable and are able to finance their obligations and be financially sustainable. The Committee undertakes to ensure that the interests of users are protected as per the provisions of legislation, as well as ensuring that the Companies can fully afford to finance the capital projects that they embark upon and implement fully within the set timelines. The Committee also encourages constant and robust engagement between the stakeholders and the Companies. This is to ensure that matters of mutual interests are addressed and workable solutions found by the parties.

The Committee was appointed by the Minister of Transport with effect from 01 April 2016 for a period of three (3) years on a part time basis. The members of the Committee have varied qualifications and experience to be able to fulfill the mandate of the Committee. The Committee comprises of individuals with Financial Management, Economics, General Management, Aviation Operations, Safety and Security as well as Legal and Regulatory backgrounds.

The Airports Company Act, 1993 stipulates that the Committee shall comprise of a Chairperson and four (4) other members. The five (5) members of the Committee are as follows:

**Ms Kenosi Selane – Chairperson**

Ms Selane has served as a member of the Committee for the period 1 January 2013 to 31 March 2016 and was appointed as Chairperson from 1 April 2016 for a period of three (3) years. Ms Selane holds a B. Com and B. Com (Honours) and MBA. She is a qualified Chartered Accountant (CA) SA with over fifteen (15) years of post-qualification experience. She brings a wealth of quantitative and analytical skill sets with experience in investments, regulation, finance, research, risk assessment and operations which she gained whilst working with start-ups and global organisations.

**Mr Edmund Nxumalo – Member**

Mr Nxumalo was appointed as a member from 1 April 2016 for a period of three (3) years. Mr Nxumalo is a seasoned aviation strategist, and human capital professional with more than twenty (20) years of combined work experience across various economic sectors. He brings with him a critical mass of experience in a wide spectrum of areas covering aviation, aviation safety and security, mining and minerals, financial services, project management, regulatory oversight, strategy execution, compliance, monitoring and evaluation, corporate governance, engineering, infrastructure development and built environment. Mr Nxumalo holds a Masters degree in Public Administration (MPA); BPA Hons in Public Administration from the University of Stellenbosch; B.Paed (Arts) and B.Ed (Hons) (UZ); Certificate in Labour Relations Management from the University of South Africa; Certificate in Workplace Employment Relations from the University of Pretoria; Senior Management Certificate of Civil Aviation from IATA; Airport Security and Airline Security Operations from International Air Transport Association (IATA) and Aviation Screener Certification from International Civil Aviation Organization (ICAO).

### **Ms Thembeke Semane – Member**

Ms Semane was appointed as a member from 1 April 2016 for a period of three (3) years. Ms Semane has many years' experience in economic research and economic regulation experience having worked for a regulated entity. She also has experience in project financing, credit risk management as well as corporate governance. Ms Semane holds a Post Graduate Diploma in Business Administration (PDBA) from the University of Pretoria's Gordon Institute of Business Science (GIBS); She is a qualified Banker with Certificated Associate of the Institute of Bankers CAIB (SA) from the Institute of Bankers of South Africa with specialization in Risk Management and Management of Credit Risk. She also holds a B. Com Accounting degree as well as a Corporate Governance course (Board Level) from the Institute for Chartered Corporate Secretaries of Southern Africa (ICSA).

### **Mr Mkhusele Ciyo – Member**

Mr Ciyo was appointed as a member from 1 April 2016 for a period of three (3) years. Mr Ciyo is an executive with extensive experience in financial management, internal audits, supply chain management, project management and project funding amongst others. Mr Ciyo holds a B. Com from the University of Durban Westville; Master in Business Administration (MBA) from Bond University and he is currently doing his Doctorate.

### **Ms Zandile Mpungose – Member**

Ms Mpungose was appointed as a member from 1 April 2016 for a period of three (3) years. Ms Mpungose is an admitted Attorney in Private Practice with many years' experience as an Executive Manager in Public Sector Entities and Local Government. She has practical experience in public sector law, property law, communications law, governance and regulation. She also has varied practical experience in economic regulation and a special interest in contracts and compliance management, mediation and arbitration, policy development, consumer affairs and enterprise support. Ms Mpungose holds a BA (Law); LLB from the University of Durban Westville; a Diploma in Corporate Law from the University of Johannesburg; Certificate in Rural Telecoms from Delft University; and an LLM (Commercial Law) from the University of South Africa.

### **3. THE 2018/19 – 2022/23 PERMISSIONS FOR ACSA AND ATNS**

During the period under review, the Committee finalised and issued the final tariff increases for the Companies for the duration ranging from 2018/19 until 2022/23. As a legislative requirement the Companies are expected to publish any new tariffs by notice in the *Gazette* at least three (3) months prior to the coming into operation of such tariffs.

The Companies operate in capital intensive and changing technological environment as projected investments tend to be large with long lead times. The Committee approved capital projects of approximately R24 billion for ACSA and approximately R1.6 billion for ATNS for the period 2018/19 to 2022/23. The Committee raised concern about the poor and/or lack of implementation of capital projects by the Companies during its numerous consultation engagements. However, the failure of the Companies to implement all approved capex projects poses a risk for possible claw backs resulting in negative tariffs growth in future.

The Committee accepted the forecasted operating expenditure for the Companies for the permission period. The Committee after consulting with stakeholders took a decision to apply an efficiency factor of 2% p.a. starting from 2019/20 to 2022/23 of the Permission cycle. The intention for the application of the efficiency factor of 2% p.a. to the Companies is to encourage continuous improvement of efficiencies in conducting their business activities.

**Table 1: ACSA final tariff determination for the Permission period 2018/19 – 2022/23**

Final Tariff determination	Forecast	Forecast	Forecast	Forecast	Forecast
<b>ACSA</b>	31-Mar-18	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-22
Implied tariff	5.8%	2.0%	2.0%	5.3%	5.1%
Efficiency factor (2%p.a.)	0.0%	-2.0%	-2.0%	-2.0%	-2.0%
	<b>5.8%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>3.3%</b>	<b>3.1%</b>

**Table 2: ACSA final tariff determination for the Permission period 2018/19 – 2022/23**

Final Tariff determination	Forecast	Forecast	Forecast	Forecast	Forecast
<b>ATNS</b>	31-Mar-18	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-22
Implied tariff	7,50%	2,50%	6,97%	2,62%	4,15%
Efficiency factor (2%p.a.)	0.0%	-2.0%	-2.0%	-2.0%	-2.0%
	<b>7,50%</b>	<b>0,50%</b>	<b>4,97%</b>	<b>0,62%</b>	<b>2,15%</b>

#### 4. SERVICE STANDARDS

In terms of sections 11(7) of the Airports Company Act, 1993 (No. 44 of 1993) and Air Traffic and Navigation Services Company Act, 1993 (Act No. 45 of 1993), respectively, the Committee is required to prescribe, in respect of any relevant activity, service standards which shall conform to internationally accepted and recommended practices. The Committee requires the Companies to provide service standards reports as envisaged in legislation, on a quarterly basis.

#### **4.1. Airports Company of South Africa (ACSA)**

The monitoring of service standards provides ACSA airports and its respective stakeholders with the opportunity to track and address issues of concern that impact the passenger experience in a timely and efficient manner. The intention is to give the highest level of service to the passenger. Service standards are monitored daily, weekly and monthly at all ACSA airports and reported on a quarterly basis to the Committee.

The reports cover areas of service provision and also strive to ensure its airports are consistent with global best practice. In order to continually improve its service provision and the customer experience ACSA conducts research with the aim to promote a customer focused culture within the airport community at all ACSA airports, and to benchmark with understanding from key stakeholders at the respective airports of the facilities and services that ACSA provides.

During the period under review, ACSA saw an improvement in the passenger satisfaction ratings for five of the nine airports. Six of the airports achieved above 4.00 for overall satisfaction with the airport, Cape Town (4.07), King Shaka (4.18), Upington (4.37), George (4.07), Port Elizabeth (4.02), Bram Fischer (4.08) and Kimberley (4.54). The 1<sup>st</sup> quarter saw Kimberley and Upington as the only two airports that met the KPI requirement for size classes ranking 8<sup>th</sup> and 18<sup>th</sup>, respectively.

Seven of the nine ACSA airports had improved performance scores when comparing the results for the period under review to the previous period. All the three international airports performed within the ACSA target of 55 minutes in respect of processing time. King Shaka was the best performing airport for this metric, achieving a processing time of 35 minutes 22 seconds. Domestic departures process declined in time-performance, with Cape Town International and King Shaka recording increased times.

International arrivals overall processing times increased, with both Cape Town International and King Shaka recording longer times compared to prior period. Immigrations' longer processing times at all the three airports was a major contributor to the decline in the overall processing. All regional airports, except for East London and

George achieved processing times within the target time of 20 minutes for departures. George was the only airport that exceeded the time for arrivals processing target of 20 minutes.

There are various causes of delays such as, technical faults, weather, rotational and slot related delays. Once a delay has been experienced in an earlier slot it has a chain reaction and affects the day's schedule as it impacts on all other flights landing and taking off for the day for that airline and impacts on airport landslide planning and slot allocation for the day.

In a survey issued to all ACSA stakeholders operating at its various airports, the overall score for all ACSA airports has increased from 3.47 to 3.68 which is a positive and encouraging development. Seven of the nine airports all successfully improved with the group achieving the target of 3.60 for period under review. The processing times for international departures improved with all three international airports recording improved performance times within the ACSA target of 55 minutes. Parking, boarding by airbridge and emigrations exceeded their respective ACSA targets at all airports. The best performing airport was King Shaka with a processing time of 35 minutes 22 seconds.

There is a general improvement in service efficiency and ACSA strives to continuously improve all its facilities to be in line with global standards and to be responsive to the needs of its customers.

Five of ACSA's airports received airport carbon accreditation from Airports Council International ("ACI"), for their drive to reduce carbon footprint. All the nine ACSA airports have been certified as compliant with international standards for environmental management systems

To ensure it strives towards continuous improvement and service excellence, ACSA is embarking on various initiatives, such as:

- Pride in Action Training – a customer services training programme aimed at instilling a service vision and values;
- Focused engagements with stakeholders through monthly contract reviews;

- Focused projects to improve ambience, i.e. landscaping of gardens;
- Employment, training and induction of cadets seconded to the Department of Home Affairs;
- Facilities improvements, such as Wi-Fi infrastructure upgrade, additional seating, refurbishment of restaurant precinct and new lounge facilities.

#### **4.1.1. Accolades**

ACSA has won many accolades in the period under review:

- Skytrax Worlds Airport Awards, three of its airports (OR Tambo, King Shaka and Cape Town International) recognized as being part of the top 35 airports in the world, based on a customer satisfaction survey across over 500 airports globally.
- Cape Town International also won an award for best airport in Africa.
- King Shaka International airport won the award for best airport staff in Africa.
- ACSA Group and two of its airports won various awards for excellence in operations, sustainability and security.
- OAG Aviation, the world's largest network of air travel data ranks King Shaka International Airport 10<sup>th</sup> in its category.

#### **4.2. Air Traffic Navigation Services (ATNS)**

The service standards seek to define what the industry can expect and to remind management and employees of their obligations in respect of quality of service that is required as part of service provision. The quarterly reports focus on the following:

- Air traffic movement data
- Operational performance
- Safety performance
- Human Capital Plan and Employment Equity
- Capex Plan

According to the International Civil Aviation Organization (ICAO), Air traffic movement (ATM) refers to traffic take-off or landing at an airport. The reports include all arrivals, departures and training operating at all airports within the ATNS mandate.

Safety Performance – safety is ATNS’ primary concern as well as the general primary concern to the aviation industry. Safety performance provides a means by which ATNS can verify that it is meeting its safety performance target of safety in service provision. Data is thus collected and analyzed to enable the level of safety performance to be assessed. Safety performance assurance and investigation activities play both a reactive and a proactive role in the safety management system.

As part of continuous improvement, ATNS strives to measure the operational efficiency of its services such as reducing the overall traffic delays at airports and the airspace. The term delay is generally applied when an event occurs later than it was planned. Separation is the concept of keeping aircrafts outside a minimum distance from each other to reduce the risk of colliding as well as prevent accidents due to wake turbulence. Minimum separation standards for airspace are specified by Air Traffic Service authorities, based on ICAO standards. Instrument Flight Rules (IFR) flight hours are used as a basis for global benchmarking and safety metrics.

ATNS routinely measures instrument flight rules departure delays attributed to Air Traffic Service (“ATS”). During the period under review, ATNS registered an Average Delay per Delayed Flight (“ADD”) of 20 seconds against a set target of 120 seconds. ATNS contributed to 5.8% of total delays of which the highest contributors were approach control (75.8%) and technical services, respectively. ATNS provides air traffic navigation, training and associated services within South Africa and a large part of the Southern Indian and Atlantic Ocean, comprising approximately 10% of the world’s airspace.

Different systems and processes are used to minimize the risk of collisions, while allowing the maximum number of aircraft to fly safely within the South African airspace. ATS related safety events for the rolling year ending January 2019 was recorded at 36 events. The RSI for the twelve months ending January 2019 was calculated at 38, which falls within the region of manageable events. Reported aircraft movements for February 2019

reflected a total of 0.08% decrease in traffic compared to January 2019. Reported traffic movements for March 2019 reflected a 13.26% increase in traffic compared to February 2019.

ATNS utilises the Risk Safety Index (RSI) matrix to measure the various levels of risk in terms of probability and severity categories. This is the mechanism to increase visibility of risks and assists management in decision making. There are 36 safety events recorded for the period under review, 9 of them were high risk. Most of the events experienced were within a manageable and acceptable region in terms of the RSI matrix. For every safety event experienced ATNS investigates and devise remedial measures as well as mitigation so the said events are never experienced again or measures put in place to guard against them in the future.

During the period under review, ATNS experienced a total of 9 high risk bearing safety events based on the RSI metric which in the intolerable region. ATNS embarks upon intensive training, and continuous improvement interventions are introduced to ensure that safety events are mitigated against and the intolerable ones are guarded against. Operations Management is tasked with ensuring full compliance with standard operating procedures and to proactively manage individual performance and standards.

The Safety Roadmap with regards to improving safety initiatives for the short/medium/long term is under review. The review will include the drafting of an ATNS safety Philosophy and Strategy. Both the South African Civil Aviation Authority (SACAA) and the Air Traffic Service Unit (ATSU) conducted audits between January and March 2019.

#### **4.2.1. Job Creation**

One of ATNS's business objectives is to implement interventions to address key societal challenges thereby building a meaningful legacy for ATNS in the Communities in which ATNS operates. In this context, ATNS runs the ATS Bursars, Engineering Learnership programmes at its Aviation Training Academy. During the 4<sup>th</sup> quarter of the period under review, 28 (twenty-eight) ATS bursars were enrolled in the ATS Bursar Programme.

ATNS further continues to facilitate the development of engineers by offering experiential learning opportunities in the form of learnerships and graduate development programmes. As at 31 March 2019, a total of seventeen (17), six (6) Engineering Learners and eleven (11) Engineering Graduates participated in learnership programmes year to date. ATNS has thirteen (13) graduates in a development programme in different disciplines across the business.

#### **4.2.2. Accolades**

ATNS received the following awards, during the period under review:

- An Award for Excellence in Skills Development at the Inaugural Transport Education Training Authority (“TETA”) Skills Summit.
- The 2019 Premier Circle Member Award from IATA in respect of outstanding performance for year 2018/19
- ATNS certified as one of Top 200 Employers from thirty-three (33) African countries. The Top Employer’s Certification is only awarded to organizations that achieve the highest standards of excellence in employee conditions.

## **5. CONSULTATION WITH STAKEHOLDERS**

The Committee is enjoined by the enabling legislative frameworks to discharge its regulatory responsibilities, mandate and discretion in finding a balance between the interests of all aviation role players and stakeholders. Within these parameters, the Committee is obliged to be guided by the fundamental principles of transparency and completeness of information; upholding of strong stakeholder relations management between parties, equitable balance between stakeholders, consistency and lastly, continuous improvement in cost effectiveness and efficiency.

The Committee has engaged extensively with the industry during the process for the issuance of the permission for the period 2018/19 to 2022/23 and this engagement included soliciting inputs and convening of a multiplicity of meetings to ensure that all the

vexing questions around, amongst others, capex projects, operational expenditure projects, ringfencing and Claw back were addressed.

The meetings organized by the Committee also became a forum for stakeholder updates and contribution around developments within the aviation industry and cross pollination of ideas for the betterment of the sector and strengthening of the Committee's regulatory role. Consultations have continued to take place with stakeholders and the Companies through joint service standards meetings to ensure a seamless regulatory process and to strengthen policy. The latter narrow and broader consultation processes have culminated into the issuance of the informed permission to the Companies.

Some of the aviation stakeholders which the Committee has been dealing with include representatives from the airline bodies such as the Airlines Association of South Africa (AASA), the Board of Airlines Representative of South Africa (BARSA) and the International Air Transport Association (IATA). The Committee intends to continue attending aviation industry meetings in the future whenever it is invited by the responsible parties.

It is critical that one should appreciate the fact that consultations with stakeholders have been critical in strengthening regulatory certainty and to show transparency in the Committee's work to minimize potential conflicts and legal challenges in tariff settings and determinations as well as to arrive at mutually acceptable permissions by the entire aviation industry.

Not only has the Committee engaged with the aviation industry, but it has also continued to engage with the Department of Transport during the reporting period to strike a delicate balance between the needs and interests of different role players and legitimate expectation of the Department within the parameters of the underpinning legislative framework.

## 6. COMPLAINTS

During the year under review there were no formal complaints lodged to the Committee by any person or entity, against the Companies.

## 7. MEETINGS OF THE REGULATING COMMITTEE

**Table 3: Meetings of the Regulating Committee during 2018/19 Financial Year**

<b>Subject</b>	<b>Number of meetings</b>
Regulating Committee monthly meetings	11
Joint Service Standards meetings	3
Permissions meetings	9
Regulatory Oversight meetings	2
Ad Hoc meetings	5
Total	30

The Committee during the period under review had about **30** meetings in total, most of which were related to the Permission consultation processes as well as the Committee monthly meetings. The other meetings included quarterly service standards meetings with the Companies and the Airlines, Regulatory Oversight meetings and Ad Hoc meetings (meetings held by the Committee to discuss matters such as the drafting of the Annual Report as well as to address the concerns raised by the Airlines Industry in relation to the Companies' Capital Expenditure projects).

## 8. EXPENDITURE DURING THE 2018/19 FINANCIAL YEAR

The Department of Transport is responsible for financing all activities of the Committee. This includes, inter alia, the fees of the Committee members as well as payments to consultants for work undertaken on behalf of the Committee. Members of the Committee who are not officials in the Public Service are remunerated for preparatory work which

includes the researches that individual members do using their own equipment, and are also remunerated for attendance of meetings.

The Committee members are also reimbursed for subsistence and travel costs. Table 3 below summarizes the expenditure regarding the Committee’s activities during the period under review:

**Table 4: Summary of the 2018/19 Regulating Committee Expenditure**

<b>DIRECT EXPENDITURE</b>	<b>AMOUNT</b>
<i>Fees of five (5) Committee Members</i>	<i>R 827 267.50</i>
<i>Subsistence and Travel Claims</i>	<i>R 41 372.87</i>
<i>International and Domestic Travel</i>	<i>R 0.00</i>
<i>Accommodation</i>	<i>R 0.00</i>
<i>Venue Hiring for Meetings</i>	<i>R 0.00</i>
<i>Catering for the Committee Meetings</i>	<i>R 19 107.75</i>
<i>Conferences and Courses</i>	<i>R0.00</i>
<b>Sub Total:</b>	<b>R887 748.12</b>
<b>INDIRECT EXPENDITURE</b>	
<i>Consultant: PriceWaterhouseCoopers (PWC)</i>	<i>R 507 289.15</i>
<b>Sub Total:</b>	<b>R 507 289.15</b>
<b>GRAND TOTAL:</b>	<b>R1 395 037.27</b>

## **9. CONCLUSION**

The Regulating Committee remains committed into regulating the Companies in a manner that allows them to finance their obligations and have reasonable prospects of earning commercial returns; through a tariff structure that ensures levies charged to users are kept at reasonable and affordable levels. The success and continued financial viability of the commercial operations of these Companies is dependent on positive economic performance both in the domestic and international markets. The subdued domestic economic performance remains a concern to the Committee, and other market-related uncertainties that can have a negative impact in attracting international tourists are also concerning. However due to the long lead times that are required in order to roll out infrastructure for the purpose of increasing capacity for the two entities, the Committee is confident that the capital expenditure that it has approved will enable the Companies to have sufficient capacity to cater for growth periods as per the current projected growth rates and beyond.