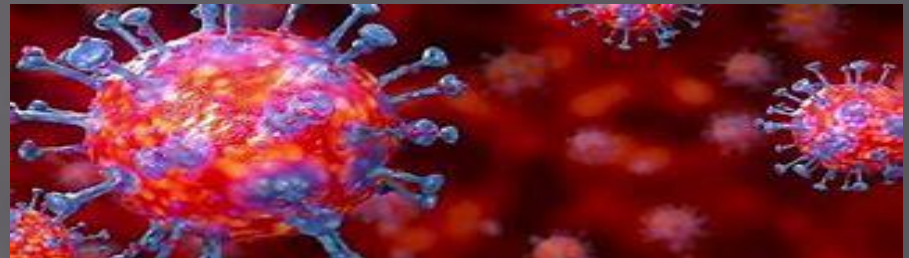


A PRESENTATION BY
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RECOVERY WORKSHOP
ORGANISED BY AIRPORT
BUSINESS SUMMIT AND EXPO
AFRICA GROUP
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A REVIEW OF THE EXPECTED IMPACT OF AVIATION COVID RELIEF SUPPORT IN THE INDUSTRY

Sometime in march 2020 the government rolled out “The National Economic Sustainability Plan” with the objective of

- ▣ stimulating the economy by preventing business collapse and ensuring liquidity
- ▣ Retain and create jobs
- ▣ Undertake growth enhancing and job creating infrastructural investments
- ▣ Promote manufacturing and local production
- ▣ Extend protection to the very poor and other vulnerable



Aviation was allocated N27 Billion from this fund principally to save jobs and existing organizations using this stimulus package as the fulcrum.

- The ministry allocated N5 Billion to some segments of the industry while keeping a chunk of the palliatives for the proposed national carrier. The breakdown
-
- Scheduled operators were granted N3, 000, 000, 000 with 5% deductions for the agencies
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- Non-scheduled operators got a total amount of N1, 000, 000, 000 with a total deduction of N950, 000, 009.10 to aviation agencies
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- Ground handling companies, Aviation fuel marketers and catering services got N233, 333, 333.33 each.
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- The National Association of Travel Agencies (NANTA) received a total of N196, 000,000.00 with a N4, 000, 000.00 deductions.
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- Airport Car Hire Association of Nigeria (ACHAN) received from the ministry, N100, 000,000.00

EUROPE

AIR CARGO

- Expeditious granting of flight rights/ permit
- Temporarily removing night curfew
- Quick approval of passenger aircraft conversion to cargo
- Cargo crew and associated personnel upgraded to critical/ frontline staff
- Crew exempted from travel restriction



SLOT ALLOCATION

- Suspension of slot requirement
- Removal of punitive measures embedded

STATE AID

- Members allowed to set up schemes for grants and palliative
- Selective tax advantage implemented
- State guarantee for bank loans
- Subsidies for public loans

UNITED STATES

- ❑ Introduced the Corona Virus Aid Relief and Economic Security Act (CARES ACT)
- ❑ Injecting trillions to support the economy aviation inclusive in loans and loans guarantee
- ❑ Funds targeted at keeping workers on payroll
- ❑ Beneficiaries had Caveat
- ❑ No dividend payment
- ❑ Limit on stock buyback
- ❑ No employee furlough, lie off or pay reductions
- ❑ No insolvency
- ❑ Limit on executive compensation
- ❑ Federal excise tax holiday (temporarily repealed excise taxes in relation to commercial aviation)
- ❑ Warrant, equity and debt issued to the government.

INDIA

- ▣ No palliatives
- ▣ Calibrated opening of routes and capacity
- ▣ Protecting small carriers with minima and maxima fares
- ▣ Reviewing the BASA that which were skewed
- ▣ Airlines web check in moved from 10% to about 90%
- ▣ Minimal contacts with baggage and security checks

OVERVIEW OF THE METHODOLOGY

Nigeria adopted the US model of supporting payroll and assisting the different organizations but did not adopt or include the necessary caveat to monitor usage, implementation and the provision of other non cash palliatives as earlier enumerated and highlighted.

Therefore we need to go further by ensuring fairness in distribution, monitoring and accountability; while also considering other **NON MONETARY** options which should mitigate the following issues bedeviling the industry:

- ▣ Bad debts from clients
- ▣ interest on bank loans/ overdrafts,
- ▣ increased insurance premiums
- ▣ increased cost due to health protocols
- ▣ Depreciation of the naira
- ▣ Scarce forex
- ▣ Retrenchment
- ▣ Closure of outlets/offices
- ▣ Many banks and financial institutions have blacklisted Aviation, Travel and Tourism organisations being non-revenue generators throughout the covid lockdown and beyond. Even the existing limits, if any have been reduced.

Government can in the interim facilitate:

- Moratorium for at least 2 years from all loans and other financial facilities.
- Financial grant to aviation employee for the next one year until normalcy resumes. This shall be paid back, free of interest to the Government in installments over 24 months thereafter or deducted at 15% of their salary and paid back to the treasury.
- Fresh loans/overdraft facilities to organisations provided at rebated interest for a period of at least 5 years until things are restored back to normalcy. This shall give support to them to meet their administrative overheads and promote travel and tourism effectively.

- Income Tax Holiday for new entrants.
- Rebates on Digital payments: The Credit Card companies / Banks Charges.
- In the current scenario where many small establishments, are trying to work from home. With zero income, they have cut down on their lease rentals. Work from Home should be considered as an establishment for small organizations registered travel agents/ tour operators, as many authorities are not permitting official addresses at residences.
- Can the agencies in harmonisation with the Ministry consider some financial waivers and review of fees

CONCLUSION

I will want to conclude by saying that measurement is at the heart of management – that is, you cannot manage what you do not measure. The big data era has given the aviation sector the tools required to do both. Therefore the industry must rise and work towards having appropriate, verifiable and generally acceptable DATA for the industry to attract investors, reduce cost and improve revenue

I would like to see transparency and corporate governance from the top down. You cannot measure you cannot see either. Partnership between the private and public sector is not just related to projects or privatisation but requires all stakeholders to get on same page.

Partnership and collaboration throughout the sector is the best response to creating an enabling environment for the sustainability of the sector.

THANK YOU!