

CIVIL AVIATION

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In this chapter we report briefly on two components of civil aviation: Uganda Airlines, and the Airports Section of the new Department of Power and Communication. A third component, the Directorate of Civil Aviation within the Ministry of Power and Communications, is dealt with in the Communications sector of this report.

UGANDA AIRLINES

Background and Current Situation

2. Uganda Airlines was established in 1976 during the difficult, dying years of East African Airlines. When East African Airlines collapsed in 1977, Uganda Airlines became the sole national carrier.

3. From its inception, Uganda Airlines was subject to arbitrary and capricious directives from the Military Government. According to a current report from the Airline, the deployment of aircraft was at the whim of the President, individual ministers and military officers, even to the extent that regularly scheduled runs were interfered with; Airlines' funds were directed to purchases beyond the interests of the company; and staff recruitment and training was government-controlled, in defiance of standards and quality.

4. Services rendered to government ministries and parastatals were generally not paid for. These debts have accumulated to the extent that ministries now owe Uganda Airlines approximately Shs. 50m. Although the airline managed to cover current expenditure with current revenue last year, it is now unable - in common with so many other public corporations - to pay salaries, unless this back-debt can be collected.¹

5. From 1976 to the end of 1978, Uganda Airlines acquired a small fleet of long-range and local-route aircraft: 2 Boeing 707s; 1 Hercules Freighter; 2 De Havilland Twin Otters; 2 Beechcraft; 1 Trislander; 2 Cessnas; and 1 F27 Fokker Friendship. None of these was from East Africa Airlines. One of the 707s was used primarily for cargo runs to and from Europe and the other for passenger services to Jeddah and Karachi, and to Cairo, Tripoli, Frankfurt and London. The Friendship was used for regional international services to Sudan, Kenya, Rwanda and Burundi, and the smaller planes for scheduled domestic service to Masindi, Kasese, Mbarara, Arua, Koboko, Tororo, Soroti, Lira and Gulu, plus charter services. The Airlines' fleet immediately before the liberation war consisted of the aircrafts listed above, less the Trislander which had earlier crashed.

6. During the fighting, one of the Boeing 707s was extensively damaged by the shelling of Entebbe, and is probably beyond repair; the other disappeared and is now reported to be in Tripoli.² Some of the small aircraft were flown by the Tanzanian armed forces to Dar-es-Salaam, from where they are gradually being returned and checked out for airworthiness. Spare parts, maintenance equipment and servicing tools for all the aircraft were either stolen or damaged; the Airlines' offices in Kampala and Entebbe were ransacked; and most of the ground-handling equipment was either damaged or stolen. Warehouses owned by the Airline were broken into and so extensively damaged that the company now has no storage facility for cargo.

¹ Additional components of the financial situation of the Airlines, as we have been told it, are these: a total of approximately Shs. 8.6m. in foreign exchange is owed to Egypt Air, BP/Shell and Zimex Aviation which operated Uganda's two Boeing 707s; another Shs. 52.5m. is owed on a half-paid Fokker Friendship which has been ready since September for delivery from Europe.

² Insurance compensation for both is being negotiated.

Reconstruction

7. Immediate reconstruction must focus on re-establishing the administrative and goods-handling capability of the Airlines, and on its ability to service its small aircraft, the F27 Friendship and the Hercules freighter. In undertaking this reconstruction, the Airlines should be guided by its present air-fleet capacity, and not attempt immediately to re-establish itself in the field of long-distance, international passenger movement. Internal domestic service should be gradually restarted, and the Friendship or Twin Otters used for servicing runs to neighbouring countries. The Hercules is available for cargo service.

8. Any expansion beyond this present fleet should be explicitly justified by an analysis of profitability. The most likely extension, on this criterion, would be into European cargo services with a Boeing 707 or equivalent aircraft. The Fokker Friendship, now ready for delivery upon payment of the remaining Shs. 52.5m. should also be required to meet the profitability criterion. Some attempt might be made to arrange a Netherlands-sponsored supplier credit for the balance that is owing on this aircraft, if it is decided to proceed with its purchase.¹

9. We have had no detailed estimate from the Airlines of the cost of building repairs, supplies replacement or re-establishment of servicing capability for the existing air-fleet. Roughly Shs. 30m. a year should be enough for these purposes. The company believes that there are Ugandans now working outside the country sufficiently qualified to fill the key vacant posts of chief engineer, financial controller and marketing manager, but that some expatriate help will be needed in the engineering and flight operations departments. The longer expansion of the fleet is delayed, the less will be the need for personnel that must be paid in foreign exchange. A skilled airline manager might well be brought in for six months or so to help the Airlines get re-established administratively.

10. If this cautious strategy of reconstruction is adhered to by Ugandan Airlines, other international airlines should readily be accorded passenger-traffic rights at Entebbe, with contracts that include provision for reciprocal rights to be given to Uganda Airlines in the future if it decides to develop its long-range capacity.

AIRPORTS

11. The Government unit responsible for construction and maintenance of airports, including terminal buildings, electrical systems and rescue equipment, was in the former Ministry of Works and Housing but has now been moved to the new Ministry of Power and Communications. Over time, the airports section of this Ministry expects to improve existing airfields and to construct new ones, depending largely on tourism needs.

12. Immediate reconstruction should concentrate on structural repairs to the terminal building at Entebbe, which was damaged during the liberation fighting, and on some additions to facilities at Entebbe, all at a total estimated cost of roughly Shs. 12m. in foreign exchange and Shs. 6m. in local expenses. Further reconstruction at Entebbe, fencing of upcountry airfields and additions to Soroti² would be warranted in the second year of rehabilitation, at a cost of about Shs. 18m. in foreign exchange and Shs. 6m. local. The British Crown Agents in Uganda have reported in greater detail on the condition of Entebbe Airport and have made specific proposals to bring fire-fighting equipment there up to VC 10 - 707 standards.

¹ In judging profitability, the cost should be reckoned as the balance owing plus any amount that might be returned to Uganda if the contract is defaulted.

² Soroti Flying School, started in 1971 as an ICAO-UNDP project is based at the Soroti airfield. To provide for demand, the construction of a hanger, housing and the extension of the School building have been proposed, along with the acquisition of more airplanes for training. Presumably, the cost of these extensions would be covered by training fees and not a long-run charge on the Government budget.