

(b) Issue

At present there are no specific incentives for investing in airports.

The funding of provincially and locally owned airports is currently perceived as a challenge. Private financing is required to ease the burden on government financing, but it will also encourage better risk sharing, accountability, monitoring and management. However, it is important to note that financial viability is a prerequisite for private-sector involvement.

(c) Policy Statement on funding sources and private participation strategies:***PS. 17***

Local and international private sector participation in the provision and operation of airport infrastructure should be encouraged in all spheres of government.

Airports should also be permitted to operate under a range of types of management and control, allowing airports some flexibility in their business model, but without risking the core aeronautical activities of such airport.

6.4.3 Government funding of airports**(a) Background**

Following the establishment of ACSA, national Government's current direct financial role in airports has been limited to that of majority shareholder in ACSA and economic regulation of the charges that ACSA levies on users of its facilities.

In the broader context DOT is responsible for the development and management of the National Airports Development Plan. It will be essential for the Government to assist and appropriate funds to meet stated national strategic objectives so as to give effect to this Plan.

In addition, provinces and municipalities own an estimated 100 airports within the South African airport network, only some of which have private sector participation in their maintenance and operations.

(b) Issue

Due to fiscal constraints in the short to medium terms, and the "user pays" principle, national government is not in a position to fund airport operations. Provincial and municipal authorities have insufficient funds to allocate to airports they currently own, as the limited funds available are allocated to other social priorities. Many of these airports are ill-equipped to serve local communities both socially and commercially.