



Media Briefing of today, 9am, (Saturday, March 20, 2010) following the decision to withdraw provincial government subsidy from Sub-Sahara, a provider of passenger flights, from OR Tambo International Airport to Mafikeng Airport.

Date: Saturday, March 20, 2010

Good Morning Ladies and Gentlemen.
Welcome to our weekly Media Briefing.

Following months of careful analysis, we have taken a decision, to withdraw a Government subsidy from the consortia called Sub-Sahara.
We have also communicated officially, that decision to the company in writing.

Sub-Sahara, through SAA Link, is a service provider appointed by the provincial Government in December 2003.

Since December 2003 until December 2009, Sub-Sahara was operating daily passenger flights from OR Tambo International Airport (Kempton Park), to Mafikeng Airport and back, five days a week. (Monday to Friday).

The total amount paid to date to Sub-Sahara, in a form of a monthly subsidy by the provincial Government- from December 2003 to December 01, 2009- is:

More than **R39.8m** (R39.827.000).

The break-down of amounts/figures paid per financial year are as follows:

- 2003-2004: **R2.2m** (R2.280 00)
- 2004-2005: **R6.8m** (R6. 840.00)
- 2005-2006: **R6.8m** (R6.840.00)
- 2006-2007: **R6.8m** (R6.840.00)
- 2007-2008: **R5.3m** (R5.360.00)
- 2008-2009: **R6.7m** (R6.793.00)
- 2009-2010-:**R.4.8m** (R4.874.00)

Passenger figures provided by the Manager of the Mafikeng Airport, Rickie Rennie, only dates back to the year 2007.

According to him, the passenger numbers were as follows:
In the year 2007-2008: there were 7 351; 2008-2009 there were 6 044 and in 2009-2010 there were 1 849 passengers.

Mr Rennie is yet to confirm to us who many of the above, in terms of the breakdown, were public servants.

But be that as it may, our view is, the number of passengers using the service was far below what was expected. The passenger figures continued to dwindle further.

The reasoning behind this initiative at the time was to lobby for the reinstatement of the international status to Mafikeng Airport.
This is by virtue of the airport being situated in the provincial capital, Mafikeng.

The international status is currently at Pilanesburg Airport near Sun-City.

We have seriously reviewed this contract against a number of factors and arrived at the conclusion that:

Subsidising the commercial airline passenger service between Johannesburg and Mafikeng, does not make business sense.

More so, viewed under the current economic climate as well as our mandate and priorities as government and the department in a largely rural province.

The initial contract with Sub-Sahara stated clearly that the subsidy would run for two years and thereafter, be subjected to six-month negotiated contract.

Since April 2009, we have been reprioritising and even scaling-down on some of the projects which in our view, do not impact hugely on the lives of ordinary people in our province.

In the process, we have, and will continue to re-direct much need resources to address critical areas that talk to the priorities of government.

We are faced with more pressing needs to re-direct such subsidies to the poorest of the poor of the province in a concerted effort to change their lives.

For example, it becomes logical, and makes business sense, to re-direct larger chunks, if not in total, such amounts to Scholar Transport in our rural areas for example.

This will at least alleviate the serious budget pressures we often have in this critical area.

More and more rural-based learners, including farm learners, walk long distances to and from the nearest school from their homes.

Also, in line with the new Draft Policy on Subsidy (Nationally and Provincially) more emphasis is put on subsidising Land and Passenger mode of Transport.

In conclusion:

Our action is also informed by a profound call by our Minister of Finance, Pravin Gordhan, when during the tabling of the budget speech he said:

“Our moral contract with the taxpayer, is that we will take every measure possible, to allocate public spending towards the priorities that they support and that spending will be as efficient as possible...”

I thank you for your time.

Ends