

Finance Minister must clarify if raiding the PIC is Treasury's 'Plan B'

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The DA calls on Finance Minister, Malusi Gigaba, to clarify if National Treasury's 'Plan B' is to raid the Public Investment Corporation (PIC) in order to save South African Airways (SAA).

National Treasury revealed in Parliament's Standing Committee on Finance yesterday that the sale of the government's shares in Telkom might not be the source of the proposed R10 billion bailout for SAA.

For this bailout to go ahead, Mogajane confirmed that National Treasury requires a special Parliamentary sitting before the end of this month to deal with a Special Appropriations Bill.

Mogajane confirmed this in Committee yesterday when he said that National Treasury will urgently approach Parliament to vote on the Bill. He was quoted saying that *'We will have to appeal to Parliament for the possibility. If there is no possibility, we will have to look to Plan B.'*

However, Mogajane's comments beg the question as to what Plan B in fact is.

SAA's Corporate Plan for 2017-2022, tabled in August, indicates that it would be securing external funding from the PIC and with less than a fortnight until the end of the month, it seems inevitable that SAA will have little option but to resort to raiding the PIC through a direct loan in order to meet their funding requirements.

This suspect transaction could happen without the PIC first seeking the Government Employees Pension Fund's (GEPF) approval in terms of the PIC's extremely broad investment mandate.

This massive R10 billion bailout will only be a short term solution and will not fix the underlying issues at SAA. The airline ultimately needs to be placed under business rescue so that it can be stabilised and private participation can be expanded.

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