

PIC could still invest in SAA, says Matjila

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The Public Investment Corporation (PIC) has not ruled out investing in the broke South African Airways (SAA). In its corporate plan earlier in 2017, the struggling airline listed the PIC as a potential source for funding of about R6bn for the next financial year.



The PIC confirmed on Tuesday that it had been approached by SAA, but it rejected the airline's initial funding request. PIC CEO Dan Matjila told Parliament's standing committee on finance on Tuesday that SAA had not met the corporation's investment criteria.

He cited the governance and management crisis afflicting the national carrier as well as its poor balance sheet as reasons.

Wait and see

"[However] we have seen positive changes. The board has been strengthened now, the CEO has been appointed. Now the turnaround plan has to be implemented and unfortunately, it will take a few data points to convince us that the turnaround strategy is working.

"So we wait and see. Once we have enough data to [convince us] that it has turned around, the balance sheet is looking

much better and there is stability, then we will consider [the request]," Matjila said.

The PIC is wholly owned by the government and acts as the investment manager for the Government Employees Pension Fund, the Unemployment Insurance Fund and the Compensation Commissioner.

It has about R2 trillion in assets under management.

Disposing of Telkom shares to bail out SAA, SA Post Office

The government aims to dispose of all or part of its 39.7% stake in Telkom to bail out struggling SAA and the South African Post Office.

In his medium-term budget policy statement in October, Finance Minister Malusi Gigaba said the government aimed to dispose of a portion of its Telkom shares to avoid a breach of the expenditure ceiling. The government regards the PIC as a potential buyer of its Telkom shares.

The PIC already has a stake of about 8% in the telecoms operator. Matjila, however, remained tight-lipped on Tuesday regarding the PIC's position on the Telkom shares matter. Speculation is that Matjila is concerned that a purchase of the 39.7% shareholding would leave the company overexposed to Telkom. The PIC is said to be open to purchasing about R2bn in Telkom shares, which will increase its shareholding to about 18%.

It also emerged in Parliament on Tuesday that the PIC board had not complied with Gigaba's request that the corporation furnish terms of reference for a forensic audit of all its investments by 23 October.

The PIC aims to meet Gigaba on a date to be set.

Cosatu leaders have asked for assurances that workers' pensions will not be used to bail out SAA or other ailing state-owned enterprises. In submissions to the committee on Tuesday, the federation called for the strengthening of oversight and accountability of the PIC.

Source: Business Day

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