

SAA must leave nest

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State-owned enterprises such as SA Airways "must stand on their own two feet", Finance Minister Pravin Gordhan said yesterday. He said that, instead of expecting bail-outs, parastatals should be paying dividends to the government.



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Speculation has been rife in the past week that SAA is struggling to meet its financial obligations. Reports have emerged that it has deferred R50-million in payment to the Airports Company of SA. But Gordhan said that SAA still had unused government guarantees totalling R14-billion and "has the space to borrow".

SAA must learn to stand on its own two feet

Gordhan said that the priorities for SAA were to stabilise it, return it to profitability and ensure its effective management. He said Treasury and airline executives were meeting every week to ensure effective cash flow management.

He said that to borrow, SAA must inspire confidence. "SAA must not be a liability to the fiscus. Ideally, in as short a time as possible, it must learn to stand on its own two feet. That doesn't just apply to SAA, it applies to all state-owned companies. They must pay dividends to the state instead of asking for bailouts."

Asked if taxes would be increased to deal with this country's economic troubles, Gordhan would only say: "I am the new old guy on the block. I am still thinking this through with my colleagues."

Gordhan said he would provide clarity on how the controversial nuclear-power deal would be funded after he had presented his Budget. But, he said, "We have a fixed fiscal envelope and everything we do must be within that envelope."

Resources shifted to "burning issues"

Minister in The Presidency Jeff Radebe said some resources had been shifted from some government programmes to "the burning issues", such as drought relief and funding higher education.

Gordhan said that he did not want to see "flashes and spikes and volatility" in the value of the rand. Questioned about why the rand took a knock "every time the president opens his mouth", Gordhan said currency fluctuations were complex and "the rand doesn't operate on what an individual does or says".

The DA yesterday said that the drought had reached crisis proportions, with the levels of dams in all provinces decreased. They were at an average 57% of capacity as of last week, compared to 82% at the corresponding time last year.

Source: The Times

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