



MINISTRY OF FINANCE  
REPUBLIC OF SOUTH AFRICA

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## MEDIA STATEMENT

### MINISTER OF FINANCE AND HIS EXECUTIVE TEAM MEET CEO INITIATIVE STEERING COMMITTEE MEMBERS

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Minister of Finance Malusi Gigaba and his executive team met with the CEO Initiative steering committee members. They engaged on the economy, programmes to support youth employment, the SME Fund, and state owned companies (SOCs). The Minister referred to the meeting as cordial and open.

On SAA, the Minister told the business leaders that measures were being taken to address the financial challenges at the airline. “The good thing is that there is a new CEO who has been appointed. We are paying close attention to strengthening the board of SAA and appointing the requisite skills on the board. Government is exploring options with regards to the establishment of a proper capital structure for SAA.”

National Treasury has put together several proposals which have now been given to Cabinet for consideration and a decision. The Minister said that proposals that they have put forward to Cabinet with regards to SAA had not yet been finalised and cautioned against “any hysteria created by our considering of various options. At the present moment what is a fact is that there is a R10 billion recapitalisation that is required for South African Airways but the model of that recapitalisation is not yet finalised.”

During the engagement, the Minister also raised concern over “the governance and balance sheet challenges” of various state owned companies (SOCs). It was important for government to continue paying attention to governance at SOC's in order for them to become financially sustainable and ignite confidence among investors.

“If you look at the government guarantee framework of Eskom and the level of exposure of government, in particular at Eskom, if there were to be any difficulties, the financial risks to government would be quite enormous because ultimately the government guarantees are borne by government and so government must pay very close attention to the ability of state owned companies to comply with the guarantee conditions and ensure that they become financially viable”.

There are proposals that we are going to be looking at in the coming years with regards to the management of government guarantees. One of the proposals was to make a provision that



government guarantees, supported capital expansion rather than be provided for operation expenditure.

On Denel, the Minister welcomed the SOC's decision to exit the Denel Asia joint venture (JV) company.

**Issued on behalf of the Ministry of Finance**

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