



## NATIONAL ASSEMBLY

### QUESTION FOR WRITTEN REPLY

QUESTION NUMBER: 1383 [NW1525E]

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**1383. Mr R A Lees (DA) to ask the Minister of Finance:**

Whether, with reference to his reply to oral question 29 on 12 May 2017, Government has investigated the possibility of using the Government Employees' Pension Fund (GEPF) through the Public Investment Corporation (PIC) as a possible public entity partner for SA Airways (SAA) as one option in Government's review of SAA's long term turnaround strategy; if not, what is the position in this regard; if so, (a) how will the interests of beneficiaries of the GEPF be protected from possible future losses incurred by SAA and (b) what are the further relevant details in this regard?

NW1525E

### REPLY:

No. Government has not investigated the possibility of using the Government Employees' Pension Fund (GEPF) through the Public Investment Corporation (PIC) as a possible public entity partner for SA Airways (SAA) as one option in Government's review of SAA's long term turnaround strategy.

The Minister of Finance announced in the Budget Speech on 24 February 2016 that he, together with the Minister of Public Enterprises had *"agreed to explore the possible merger of South African Airways and South African Express, under a strengthened board, with a view to engaging a potential minority equity partner, and to create a bigger and more operationally efficient airline"*. The Study undertaken by Bain and Abacus in this regard has been completed and the next steps are for the National Treasury and the Department of Public Enterprises to review the options and recommendations to allow an informed decision to be taken on how to proceed.

The PIC does not hold equity investments in State Owned Companies (SOCs). However, the PIC, on behalf of its clients, does hold a substantial amount of bonds of various SOCs. A significant portion of the PIC's bond-holdings in SOCs is government guaranteed. Importantly, SOCs have never defaulted on any of the PIC's bond investments. The PIC undertakes all investment decisions in the best interest of its pensioners and clients and in line with client mandate requirements and the investment risk parameters stipulated by client

mandates. The continued support of SOCs by PIC will be underpinned by these mandate requirements. Moreover, all investments are also subject to a robust due diligence process which includes a credit analysis, Environmental, Social and Governance report as well as risk and legal reports.

The aim of the PIC remains to safeguard pensions of public servants and ensure that reasonable returns are generated for contributors.