

Gordhan shocked by 'lack of insight, financial literacy' from SAA bailout critics | Citypress Public Enterprises Minister Pravin Gordhan has slammed any critics of the latest bailout for the ailing SAA, taking particular aim at the DA. 2020-10-29 05:45:00 PM Source City Press Public Enterprises Minister Pravin Gordhan has slammed any critics of the latest bailout for the ailing SAA, taking particular aim at the DA. Public Enterprises Minister Pravin Gordhan has welcomed the government's commitment to provide R10.5 billion to be used to finalise the business rescue plan and restructuring of South African Airways. Public Enterprises Minister Pravin Gordhan has welcomed the government's commitment to provide R10.5 billion to be used to finalise the business rescue plan and restructuring of South African Airways (SAA). In a statement on Thursday, Gordhan slammed any critics of the latest bailout for the ailing airline, taking particular aim at the DA. "The minister is shocked and disappointed with the DA, other parties and some analysts' lack of insight, financial literacy and understanding of governance processes. Worse, the DA ignores the suffering of SAA employees and the threat of losing their jobs," the department said. "In order to hide their knowledge of the aviation sector and its economics, the DA and their partners manipulate facts to fabricate false ideas about SAA." Read: Treasury defends airline bailout as state seeks partners The ministry said it believed the completion of the business rescue process was the only path to a viable and sustainable national carrier – one which supports job preservation and the ability to bring the airline back from the brink of collapse to a position where employees, suppliers and business partners could continue to contribute to the economy. "Failure to allocate the funds would have resulted in the liquidation of the airline at the cost of more than R18.5 billion. "Further, the liquidation would have meant that SAA employees would have been worse off and received a maximum payout of about R32 000 per staff member, regardless of years of service, to the extent that there are funds available," the ministry said. Mboweni announced on Wednesday the commitment to provide funding for the airline when he tabled his Medium-Term Budget Policy Statement (MTPBS). Our compatriots in the private sector have made sacrifices and even negotiated salary cuts to keep businesses afloat. Finance Minister Tito Mboweni This decision was met with criticism from political parties, analysts and other organisations who said the airline was incapable of surviving on its own. The MTPBS also faced criticism from the Public Servants Association (PSA) which said it was disappointed that Finance Minister Tito Mboweni did not address the issue of scrapped salary increases for its members. Signals from Mboweni that there will be no increases for government workers for the next four years amounted to a declaration of war against unions, the PSA said. Mboweni indicated public servants would have to make the same salary-related sacrifices their peers in the private sector were making in the wake of the devastating impact of the Covid-19 coronavirus pandemic on the economy. "Our compatriots in the

private sector have made sacrifices and even negotiated salary cuts to keep businesses afloat. Over the past five years, the public sector employee compensation grew by 7.2% a year on average – well above inflation. Over the next five years, it will need to grow much, much slower,” Mboweni said. On Thursday, the PSA fumed at the fact that while Mboweni was standing firm on not increasing public sector wages, he had managed to juggle the budget and find R10.5 billion towards a business rescue plan for the struggling national carrier.

Read: Government hires RMB to advise on SAA stake sale “It is becoming increasingly evident that there is an attack on collective bargaining in the public service and laws and processes governing this hard-gained right for workers are being disregarded.” “The PSA can under these circumstances only regard the minister’s statements as an outright declaration of war against labour in the public service,” it said. Our country would not find itself knee-deep in debt, with a debt to GDP ratio of 81.8%, if we had adequately prepared during the past few years, sans the difficulties of Covid-19.

IFP party deputy president and finance spokesperson Mzamo Buthelezi DA shadow finance minister Geordin Hill-Lewis said giving SAA additional funding was “wrong and immoral.” “This is an indefensible, immoral choice,” said Hill-Lewis. “It amounts to throwing South Africans under the plane to pay for SAA.” The funding is the airline’s second this year after a R6.4 billion lifeline it was promised in February’s main budget. The DA claimed the cash would be funded by a R1.2 billion budget cut to the police, courts and prosecuting authorities, and a R1.4 billion cut to the education budget, among others. Freedom Front Plus leader Pieter Groenewald said no more money should be given to SAA. “The airline is an unaffordable luxury and should be privatised, or simply given away,” he said. “More money must not be wasted on it.” The IFP said Mboweni’s budget showed the consequences of poor economic and financial management. “Our country would not find itself knee-deep in debt, with a debt to GDP ratio of 81.8%, if we had adequately prepared during the past few years, sans the difficulties of Covid-19,” said party deputy president and finance spokesperson Mzamo Buthelezi.