R10.5 BILLION INJECTION INTERVENTION AT SAA YIELDS FRUIT

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The Department of Public Enterprises told the committee on Public Enterprises yesterday that the interventions implemented thus far at South African Airways (SAA) are yielding fruit and positive strides have been made as a result of the recent R10.5 billion injection, which is part of the rescue plan to prevent the airline from total collapse.

The department briefed the committee on progress with the business rescue of SAA, SA Express Airways and on companies that have not tabled their annual reports. The Director-General of the department, Mr Kgathatso Tlhakudi, said: “To date, a new board of SAA has been appointed. It has been charged with a task of appointing a new SAA executive to turn the fortunes of the airline around.”

Regarding SA Express’ impending sale, Mr Tlhakudi reported that buyers have been identified, and the purchase price has been agreed upon. In the next three months, a new shareholder structure will be in place.

As part of its social responsibility to workers retrenched at SAA, the department joined forces with the Department of Labour and Higher Education to impart business and competency skills to those affected to ensure that they could either open their own business or be employable in future in other sectors of the economy.

Reporting on Denel, Mr Tlhakudi lamented the decline of a state-owned entity (SOE) that had once been a hallmark of excellence. To date, he remarked, well over 200 employees have left Denel in search of greener pastures. So bad in the situation that “some of its staff members were not paid since April last year”.

On the plus side, the Chairperson of the committee, Mr Khaya Magaxa, cited the R1.56 billion recovered by the Special Investigations Unit (SIU) on unlawful contracts at Eskom. “The corruption uncovered at Kusile cannot be overlooked. This is a good example of the work that is being done to uncover graft and corruption. But we would like this to be emulated in other SOEs.”

The committee asked if the committee could be furnished with the SAA business rescue practitioners’ expenditure report, because the fees paid appear unjustifiable under the airline’s current financial circumstances.

In response to the question, the Minister of Public Enterprises, Mr Pravin Gordan, who led the department, said: “Business rescue practitioners are their own bosses. They report not to the department, but the courts. We have agreed that there should be an amendment of the Companies’ Act to ensure that they are accountable about how they spend and account for their fees and expenditures.”

The department was also asked about the department’s plan to avert the exodus of skilled employees at Denel. The department’s Deputy Minister, Mr Phumulo Masualle, replied: “The current financial and governance state of Denel, which is a result of state capture and of cancelled orders, has led to Denel’s current financial status. Some of our skilled personnel have been poached by active players in the industry that have diversified their businesses, while Denel’s major client is South African National Defence Force, which has cut its investment in arms. We need to do likewise if we were to restore Denel’s credibility in the defence industry.”

The committee asked the department if it is tracking the forensic report emanating from the Zondo Commission to ensure that those implicated in wrong-doing are not still in the department’s employ.

Mr Tlhakudi said the department has an investigation unit that tracks these forensic reports and relays them to the SIU when necessary. Mr Magaxa said evidence of corruption emanating from the Zondo Commission must lead to arrests and the recovery of public funds.

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