**MEDIASTATEMENT**

**SCOPA ENGAGES PUBLIC ENTERPRISES MINISTER ON RESULTS OF SOUTH AFRICAN AIRWAYS’ TURNAROUND STRATEGY**

In its quest to restore fiscal prudence in the South African Airways (SAA) ,the Standing Committee on Public Accounts (SCOPA) asked the Department of Public Enterprises and the executive of the SAA and the Special Investigative Unit (SIU) to appear before it to give an account of the progress on the SAA's turnaround strategy, SIU's investigation on fraud and corruption that nearly collapsed SAA.

The Minister of Public Enterprises, Mr Pravin Gordhan, started off by giving a broad outline of what led the SAA to lose its lucrative market value. He proclaimed that state capture is to blame for much of the rot that almost led to it folding up as an entity. He said the Covid -19 pandemic also played its role as well as the unaffordable wage negotiations which made the SAA almost insolvent as a business case going forward.

This made the SAA unable to get the R2 billion it wanted from creditors to continue as a business entity. In his view, the government was faced with two choices,  to close down the entity and let go of 8000 jobs or to rescue it from total collapse. He stressed that the government chose the latter. Hence, SAA entered into a business rescue process on top of the R2 billion that was allocated to the SAA by the treasury to keep its business going. He said: "This has allowed us to give severance packages to SAA staff and to keep the current 800 staff that currently man the entity." The Minister was pleased to report that the SAA is now in a competitive position compared to what it was before.

The entity’s Acting Chief Executive Officer CEO, Prof John Lamola, stated that their preoccupation now was the non-tabling of SAA's annual financial reports which stretch between 2019-2022. "We are currently involved in clearing these outstanding audits. Between now and August they will be done and SAA will be back into normal audit circles," he said.

He further stated that the current SAA has embarked on a new cultural shift that was strategically meant to restructure it for long-term sustainability. A Strategy that necessitated the airline to emerge smaller and grow incrementally. "We used to have 60 aircrafts, we are now emerging smaller and we intend to scale-up our operations and fleet incrementally over time ," he added.

He lamented the fact that the market value of the airline has been eroded. "We are constricted. Our fleet is smaller and we have no resources to exploit the current growth in the airline market." According to him, this is what compelled SAA to get a strategic equity partner that would inject fresh capital and mitigate the strategic challenges of expanding its route network plan of 12 to 20 destinations.

He said these developments will be supported by three major developments. "First, by government support of its route network and fleet plan and leasing of 6 extra aircrafts. As well as the shoring up of its cargo business. The airline also hopes to conclude the strategic partner's deal to transfer shares and to enable it to bring a new set of skills to expand its footprint and its financial sustainability.

The Special Investigative Unit's (SIU) investigations report uncovered staggering breach of procurement regulations, supply chain management procedures and Public Finance Management Act malfeasance. And the form and nature of the bottomless black hole that devoured insatiably the multibillion bail outs that SAA received from the government during state capture is now starting to show.

Most significantly, the SIU stated that they also managed to unmask the human faces behind these acts of criminality. "When time permits we will reveal their names," said the Head of SIU, Adv Andy Mothibi. And its findings are at an advanced stages of civil and criminal litigations as well disciplinary procedures when necessary.

The SIU investigation has managed to follow the trails of billions that disappeared at SAA during state capture. And there're huge sums of money to be recouped when the investigations are concluded, Adv Mothibi assured the committee.

The committee asked if it was ideal to go through with the Takatso's deal while there were wide noises about it, in his response Mr Gordhan said they had a choice of liquidating SAA or not. “We chose not to. Those who are making noises, some of them are disruptors who want SAA to be in someone's pocket. That's why they keep on creating doubt about one thing or the other.”

The SIU investigation was appraised by the committee, but members of the committee wanted to know whether the SIU knew the whereabouts of those officials and board members who are implicated by these investigations. Members of the committee wanted to make sure that they are not currently serving or working for the government. The SIU Head, Adv Andy Mothibi replied: "We have blacklisted them and we are keeping tabs on that to ensure that they are not working for the government."

**By Abel Mputing**

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