

**DEPARTMENT: PUBLIC ENTERPRISES**

**REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NO.: 16**

**QUESTION:**

**16. Mr R A Lees (DA) to ask the Minister of Public Enterprises:**

Whether he has received the response from the SA Airways since his reply to question 3735 on 9 January 2019; if so, what (a) are the (i) full names and (ii) details of the (aa) middle person supplier and (bb) original manufacturer of equipment, parts, consumables and services procured by (aaa) the SA Airways and (bbb) its subsidiaries since 1 April 2017, (b) is the value of supplies of each commodity procured from each middle person supplier and (c) is the actual or estimated price premium paid for each commodity? NW973E

**REPLY:**

**According to the information received from South African Airways:**

**SAA Corporate** mainlyprocures in the following categories: cleaning services, employee assistance services, facilities and maintenance, financial services, insurance, IT services, legal services, recruitment, medical services, security services, rates and taxes etc. These items and services do not fall under the definition of original equipment manufacturing.

All food and beverage is procured from source e.g. wines from Zorgvliet and Weltevreden Wineries, soft drinks from Coca Cola Beverages South Africa and beer from SAB.

The SAA Group buys all fleet vehicles from OEM’s through the relevant channels and using the necessary National Treasury Transversal agreements for ground fleet.

SAA is unable to provide detail per line item on middlemen and premium paid without expending significant man-hours and cost for the following reasons:

1. Due to the current system utilisation, SAA buys most of their items on free text. This makes a procurement history analysis an extremely time intensive exercise [manually matching various different description into a normalised description], then identifying the various vendors and identifying which ones are OEMS and middlemen and then determining an estimated premium paid.
2. SAA is in the process of implementing the SAP ARIBA solution with an expected go-live date of April 2020. This system will enable SAA to provide this information from the transaction history based on master data, within a year after go live.

**Subsidiaries**

The SAAT utilises the AMOS system that carries item masters for traceability purposes as required by aviation legislation and Air Chefs are more advanced in the utilisation of the SAP system, thus can provide the information as required. Air Chefs uses Bill of materials in procuring their requirement hence this information can be reported by Air Chefs as follows.

**Air Chefs,** the catering subsidiary of SAA, procures mainly meat, fruit and vegetables, confectionery products and dry groceries in order to produce meals, either directly from producers or from third party suppliers at market related prices. Some third parties have arrangements with producers based on volumes offering better competitive pricing.

**Mango:** 95% of Mango spend is attributed to fuel, aircraft and engine maintenance by SAA Technical, navigation, property rentals by ACSA, licensing by SACAA, aircraft leases, ground handling services, catering services and advertising services. Mango does not procure through any middle person supplier. Mango contracts directly with suppliers that are supplying the goods and services after a robust procurement processes.

Please find the list of foreign supplier from April 2017 to date:

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| Aergen Aircraft Five Limited |
| Airline Tariff Publishing Company |
| CRED Acro Aircraft Seating Ltd |
| CRED Amadeus IT Group SA |
| CRED APB Winglets Company LLC |
| CRED Aviation Performance Solutions |
| CRED Aviation Quality Services GmbH |
| CRED Aviation Safety and Quality Solutions |
| CRED Celestial Aviation Trading 41 Ltd C/O GE Capital Aviati |
| CRED ENGINE LEASE FINANCE CORPORATION |
| CRED ezy Webwekstaden |
| CRED Flitepartners Ltd |
| CRED Galley Tours and Safaris |
| CRED GOOGLE IRELAND LIMITED |
| CRED HADID International Services FZE |
| CRED HONEYWELL INTERNATIONAL |
| CRED JEPPESEN GMBH |
| CRED Jordan Aircraft Maintanance Limited |
| CRED Lufthansa Technic AG |
| CRED Macquarie Aircraft Leasing Services (Ireland) Limited |
| CRED MOMONDO A/S |
| CRED PACKAGING USD CONTROL ACC |
| CRED RESOURCE AND REVENUE MANAGEMENT |
| CRED SAMA JET INTERNATIONAL FZE |
| CRED Scaleout Software Inc |
| CRED START IRELAND LEASING  LIMITED |
| CRED The Boeing Company |
| CRED Travelpoint International LTD |

**SAA Technical (SAAT)**

SAAT procured spares/components/material that were sourced from 383 different suppliers during the period under review. A list (Annexure A) with suppliers from whom South African Airways Technical SoC procured equipment, parts, consumables and services is attached containing:

1. full names and (ii) (a) details of the middle person supplier (ii) (bb) name of original manufacturer
2. Value of supplies per commodity per middle person supplier (Annexure B)
3. Estimated premium paid per supplier