

**DEPARTMENT: PUBLIC ENTERPRISES**

**REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NO.: 739**

**QUESTION:**

**739. Ms O M C Maotwe (EFF) to ask the Minister of Public Enterprises:**

Whether he has done an assessment of the livelihood impacts on the lives of the employees of the (a) SA Airways, (b) Denel and (c) Mango resulting from the inability of the specified companies to pay their workers; if not, why not; if so, what responsibility is he taking for such impacts?

**REPLY:**

1. **South African Airways Response**

South African Airways has been paying all its retained employees their full salaries since December 2020 on or about the 28th of the month, every month.

There was a six-month period in 2020 when salaries could not be paid as the airline was not operating as there were travel restrictions put in place by Government in response to the Covid 19 pandemic. An agreement was reached with the majority of the unions and non-unionised employees, that three months salary be paid as a full and final settlement, i.e. the employees were to forego salaries for the months of June, July, August, September, October and November for the proposed settlement. This offer was extended to both the retained employees and those who accepted Voluntary Severance Packages (VSP) and ultimately exited the company in September 2020.

Due to delays in getting funding from the fiscus, the full and final settlement was made in the first quarter of 2021. There is a small number of employees who have still not signed the agreement for the settlement, and these will be paid as soon as they sign.

1. **DENEL Response**

An assessment of the livelihood on the lives of employees was not done as those:

* Who received VSPs were paid the agreed package amounts in full; and
* Those who were retained have been getting paid in full since December 2020.
* Continuous assessment of the SOC financial and operational is done. This is also done through engagements with SOC leadership (Board and Management), organized labour and relevant Government departments. Through these engagements, valuable information, and appreciation of the depth of social impact and challenges encountered by the employees and their families as result of the partial payment of salaries.
* The situation at Denel has necessitated the need to reset and re-purpose Denel’s value proposition and to support its balance sheet. The Minister of Finance has approved approximately R3 billion to settle Denel’s guaranteed debt. This will enable the SOC to significantly reduce its interest payment burden which was over R200 million per annum.
* The focus is on core business growth and partnerships, disposal of non-core businesses and assets. The cash raised from the disposals will be used to re-capitalize operations, settle outstanding salaries and other creditors. This will also enable Denel to restore its credibility with employees, suppliers, and clients (existing and potential).

1. **Mango Response**

* At the start of business rescue, Mango’s employees were owed on average about 8 months’ salaries, which in total amounted to approximately R125m.
* Immediately after the appointment, the BRP prioritised the issue of unpaid salaries and as of today the only arrears remaining, which need to be paid in March 2022, is approximately R1.8m.