

**MINISTRY**

**PUBLIC ENTERPRISES**

**REPUBLIC OF SOUTH AFRICA**

**National Assembly**

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

Whether he supports the privatization and/or partial privatisation of South African Airways; if not, why not; if so, what are the relevant details? NO3358E

**Response:**

1. Government has a policy which enables strategic equity partnerships with the private sector in state owned enterprises.
2. Cabinet has also decided that the possibilities of such partnerships should be explored in respect of SAA
3. Private sector partnerships can be considered at various levels – e.g. AIRCHEFS, other subsidiaries or the group as a whole.
4. However, before any substantial steps and engagements can occur, SAA must be restored to a sound and stable position – operationally, and financially.

Better value for the state can be achieved once the performances of the airline and various subsidiaries has been stabilised.

1. A multi-pronged program is being executed at present to:
* Ensure profitability on all routes
* Improve the commercial capabilities in the airline
* Radically change the procurement practices and policies
* Review the management tiers of the organisation
* Save costs and still retain the excellent human resources –pilots and cabin staff- by “outsourcing” a number to other airlines for a period of time.
1. Corruption in procurement is a major problem in both SAA and SA Express. Procurement policies were put in place by previous Boards and management which compelled the procurement of various commodities to be purchased from “middle persons”. For example an engine part which can purchased directly from the original manufacturer would cost almost 150%-200% more when purchased from the “middle person”.

This practice and fraudulent practice will be stopped entirely soon.

This is but one example of cutting costs so that the airline is profitable, stable and ready for a strategic equity partner.