

# **Don't let the ANC kid you that this is the last SAA bailout**

By Alf Lees MP – DA Member of the Standing Committee on Public Accounts

On the 26<sup>th</sup> of November 2019 I made a speech in this house calling for the bankrupt SAA to be put into business rescue. Eight days later, on the 5<sup>th</sup> of December 2019 Hon. Gordhan finally had no other option and SAA was put into business rescue.

By the end of November 2019 SAA had for the umpteenth time run out of cash and bailouts.

In order for SAA to borrow more money from Nedbank, Investec, FirstRand, ABSA and Standard Bank these banks apparently showed a bit of backbone and made their R2 billion loan conditional on SAA being put into business rescue. These banks apparently even selected Les Matuson as the Business Rescue Practitioner to be appointed.

Well, the banks underestimated the capacity of the ANC to manipulate the SAA business rescue. By the 18<sup>th</sup> of December 2019 Siviwe Dongwana had been appointed as a second Business Rescue Practitioner and he has effectively been in charge of SAA ever since.

The appointment of Siviwe Dongwana was clearly calculated to prevent the logical liquidation. Dongwana is without doubt a faithful ANC cadre given his performance when he was the Director-General of Public Works during the R260 million illegal State-funded upgrades to Jacob Zuma's Nkandla compound.

Even with the R2 billion commercial bank loans, SAA needed more cash. SAA was undisputedly beyond rescue but instead of following the Companies Act requirement to apply for SAA to be liquidated, the SAA Business Rescue Practitioner's asked for yet another bailout. This bailout came as an overnight loan of R3.5 billion from the DBSA. The DBSA has refused my PAIA application for the details of the due diligence done. There was clearly none done.

The whole R5.5 billion in bailouts was used up in two months and SAA was once again out of cash. For SAA the Covid-19 pandemic was a godsend that allowed the airline to quietly park off and return 40 aircraft to the owners. It has only 8 vintage aircraft left.

**Don't let the ANC kid you that** this R10.5 billion is not a bailout. It is yet another bailout for the ANC SAA dead duck vanity project.

**Don't let the ANC kid you that** they care for the poor. They want to give SAA R10.5 billion taken from budgets for basic services like Education and Police.

**Don't let the ANC kid you that** SAA will arise from its ashes and miraculously become profitable. The twist is that it will ask for more.

**Don't let the ANC kid you that** SAA is an economic enabler. SAA has not serviced small domestic and regional destinations in the past and will not do so in the future.

**Don't let the ANC kid you that** there is some private equity investor. For the last five years we have heard this story and there is still no such investor yet revealed.

**Don't let the ANC kid you that** they care about the employees of SAA! If this were so, then they would make the same huge taxpayer funded severance packages available to SA Express employees and to private sector employees who have been retrenched.

Even if parliament approves the R10.5 billion SAA bailout proposed by Hon. Mboweni, SAA will not see the cash until January 2021. The commercial banks have already capitulated and have apparently made R3.6 billion in bridging finance available to SAA.

There is still time to block this mad R10.5 billion allocation to SAA.

All of us in this house have a duty to the poor people of South Africa. We must refuse to pass the proposed R10.5 billion SAA bailout.